

**US Political Intelligence and American Policy on Iran,
1950-1979**

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Abstract
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This Ph.D. thesis examines United States political intelligence in regard to the regime of Muhammad Reza Shah Pahlavi, the Shah of Iran, the accuracy of this intelligence, and its influence on American policy from 1950-1979. Based on archival material, declassified documents, and interviews with relevant personalities, this thesis seeks to chronicle nearly three decades of intelligence analysis on the factors governing political stability in Iran, and establish the veracity of this analysis *vis-à-vis* the historical record. In the early 1950s, American intelligence operatives contributed to the overthrow of the nationalist government in Iran headed by Dr. Muhammad Musaddiq, and the restoration to a position of authority of the Shah. In its exploration of the motives behind the 1953 covert political intervention to unseat Musaddiq, the thesis finds that the Eisenhower administration acted out of a set of Cold War priorities that included the need to maintain cohesion in the Anglo-American special relationship and fears of Iranian neutrality.

The United States gained a pliant ally, but one whose power base was tenuous. By the end of the Eisenhower administration, intelligence analysts concluded that, in the absence of significant economic and political reform, the Shah's regime had become so unstable as to virtually guarantee revolutionary change. Acting on a broad consensus among the intelligence community about the regime's weakness, the Kennedy administration sought to bolster the government with limited financial and political support while encouraging reform. American pressure on this front led the Shah, in 1963, to announce the "White Revolution," a six point program for reform designed to shift the monarch's base of support from the traditional ruling elite to the lower classes. The announcement of the "White Revolution" marks a rough watershed in the intelligence-policy relationship in Washington as it pertained to Iran. While American policy makers viewed the program as a progressive step forward, intelligence analysts were inclined to view the Shah's reforms as ill-conceived and, given the lack of meaningful political reform, designed largely to consolidate power in the hands of the Shah. Thus began a period during the Johnson administration where intelligence analysts emphasized the need for the diffusion of power and the inclusion of the middle classes in the decision-making process, while American policy makers placed their hopes for stability in economic determinism.

The thesis explores the reasons behind the end of the intelligence-policy consensus on Iran and the failure of the intelligence community to communicate their position in an effective way. The reasons included the decreasing standing of the intelligence community in the US domestic context, the appearance of enhanced stability in Iran, the multiplicity of opinions within the diplomatic and intelligence reporting system, and most importantly, the changing international strategic environment.

The Shah's value as an ally and proxy for American interests increased substantially after the 1967 Arab-Israeli conflict and the announcement, in 1968, that the British would end their presence in the Persian Gulf. The thesis concludes that sensitive analysts within the intelligence community continued to report that the regime in Tehran had failed to institutionalize itself and that the increasing economic prosperity brought about by the oil boom would eventually foster demands for democratization. By contrast, American policy became predicated on the highly personalized and pro-western policies of the Shah, and thus, the continuation of one-man rule in Iran. Consequently, policy makers in the Nixon administration sought to bolster the Shah's regime through unprecedented levels of military and diplomatic support. These policies helped to exacerbate the grievances of the Shah's domestic critics.

Meanwhile, intelligence on the viability of the Shah's regime was downgraded as a priority by policy makers. Nevertheless, implicit concerns about the long-term consequences of the Shah's policies and ambitions can be found in much of the intelligence analyses of this period. Additionally, while failing to predict any imminent conflagration in Iran, this reporting did identify many of the factors that would play a decisive role in the 1978 revolution. In exploring these varying degrees of skepticism about the long-term viability of the Shah's regime, the thesis demonstrates that the intelligence community was not entirely surprised by the revolutionary forces that would bring about the downfall of the Pahlavi system, even if the exact identity of these forces were unknown. The work concludes that the intelligence community's tacit understanding of the weaknesses of the Pahlavi system enabled analysts to react more quickly to the Iranian revolution than has been previously supposed.

I hereby affirm that I composed the following Ph.D. thesis.

Michael Patrick Donovan

Disclosure

Elements of Chapter Five of this dissertation, "Carter, National Intelligence, and the Iranian Revolution," have been published under the title "National Intelligence and the Iranian Revolution," in the anthology *Eternal Vigilance: 50 Years Of The CIA*. [Rhodri Jeffreys-Jones and Christopher Andrew (eds.). London: Frank Cass, 1997.] The latter chapter is a greatly truncated version of the chapter that exists in this dissertation.

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Acknowledgments

I find myself writing these acknowledgments now as the result of a fateful decision I made as an undergraduate at the University of California in 1990. As was my unfortunate habit, I had put my school books aside to read something that had little to do with my studies. In this case, it was a book about the CIA entitled *The CIA and American Democracy*. This book demonstrated to me the art and craftsmanship of history in a way that few others had. If my own efforts in the pursuit of historical understanding pale in comparison, it has little to do with the excellent supervision I have received from that book's author, Dr. Rhodri Jeffreys-Jones. To say that Dr. Jeffreys-Jones has enriched my work through his own penetrating and insightful comments is not enough. Over the course of my graduate career, he has demonstrated a level of patience and understanding far above and beyond the call of duty. That which is of worth below exists because of his excellent oversight: the inevitable shortcomings within the text exist despite it. I have benefited immeasurably from my association with my advisor.

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Introduction

US Political Intelligence and American Policy on Iran, 1950-1979

For almost thirty years the American intelligence community expressed varying degrees of skepticism about the stability and viability of the regime of Muhammad Reza Shah Pahlavi, the Shah of Iran. During this period the Shah was a key American ally in the Persian Gulf. This relationship began in earnest in 1953 with an Anglo-American covert political intervention designed to preserve the Shah's rule in the face of a nationalist challenge to the monarchy. In the decades that followed, the Shah sought to consolidate his rule within Iran while developing a close military and diplomatic relationship with the United States. While the Shah was enormously successful in developing these ties with the US, American intelligence analysts held that his efforts to create a broadly popular base of support and legitimacy met with less success. Despite this, from the Johnson administration on, American policy makers assigned increasing importance to the Shah as an ally in the peripheral containment of the Soviet Union and as a watchdog for American interests in the Persian Gulf. Yet as American policy in the region became dependent on Iran, the Shah's own grip on the domestic challenge to his rule began to erode. In 1978-1979, the Shah was overthrown by a popular revolution led by the conservative Iranian Islamic community. The Iranian revolution has since been cited by historians as one of the US intelligence communities most dramatic failures.

This study examines the work of the US intelligence community on Iran during the twenty nine years of the Shah's rule after 1950. Specifically, this study will, (a) explore the community's perception of political stability and change in Iran, (b) define the accuracy of these perceptions and, (c) define the extent to which American foreign policy in Iran was influenced by political intelligence. This investigation will demonstrate that, generally, American intelligence analysts continued to believe throughout the period under discussion that the Shah's regime was inherently unstable. His reliance on authoritarian mechanisms of rule combined with an inability to satisfy the rising economic and political expectations of the Iranian population and his attempts to "westernize" Iran made his regime, in the long term, ripe for overthrow. Furthermore, in many cases United States foreign policy, developed in contrast to critical intelligence, contributed to instability in Iran in a number of ways.

The term "political intelligence," as used in this study, refers to reporting on those issues relevant to political stability in Iran. Thus, the term encompasses intelligence pertaining to economic, social, military, and political factors and developments. As a consequence, this study employs intelligence products from throughout the US intelligence community including the CIA, the Defense Intelligence Agency (DIA), the intelligence components of the Departments of State, Treasury, and other relevant agencies.

While the vast majority of political intelligence products used in this dissertation were derived from the CIA and the State Department's Bureau of Intelligence and Research (INR), products from other agencies are used in order to

underscore important points or highlight differences within the intelligence community. Similarly, policy products from the White House, the State Department, the National Security Council, the Psychological Strategy Board (PSB) and its successor the Operations Coordinating Board (OCB), etc., are employed in this work to highlight the direction of American foreign policy or to demonstrate the impact, or lack of impact, of intelligence on the policy process.

The intelligence community, as it existed during the period under discussion, included the CIA, the National Security Agency, the State Department's Bureau of Intelligence and Research, the DIA, the intelligence elements of the Army, Navy, and Air Force, the Federal Bureau of Investigation (FBI), the National Reconnaissance Office, and the intelligence components of the Treasury Department and the Atomic Energy Commission. Additionally, there existed some cross-over organizations such as the PSB, the OCB, and the 5412 Committee, or Special Group. These were NSC sub-committees charged with coordinating and authorizing covert operations.¹

The organization of the US intelligence community varied somewhat during the period under discussion, yet the ideal of intelligence coordination remained rather constant. The position of Director of Central Intelligence (DCI) had originally been created in order to exert a centralizing authority over the intelligence production process. In theory, the DCI's authority as the President's chief intelligence officer enabled him to coordinate the intelligence contributions from the various community members in order to establish a single, coherent, national intelligence product. Thus, while these estimates may be the product of a multitude of agency contributions, they

were published under the DCT's signature. Other intelligence products, such as an intelligence report or memorandum, are produced by a single agency and are designed simply to evaluate a specific development rather than estimate long-term trends.

In general, the production of finished intelligence involves three distinct but interrelated processes. First, intelligence is gathered, either covertly through satellite imagery, human sources, and other methods, or from open sources such as news papers and foreign radio broadcasts. This information is subsequently passed by those responsible for intelligence collection to those responsible for its analysis. While the many problems related to analysis are elucidated below, it is pertinent to note here that conventional wisdom holds that the two processes of intelligence analysis and policy-making must be held independent of each other in order to guarantee neutral analysis free of political considerations. While this assumption is open to debate, it is nonetheless true that the cardinal sin in intelligence is the tailoring of products in order to satisfy political concerns, civil and military. Finally, the finished intelligence product is disseminated among members of the policy establishment.

That fundamental policy decisions were taken independent of intelligence suggests a corollary to Harry Howe Ransom's hypothesis that intelligence agencies tend to report what they think policy makers want to hear.² Policy makers tend to disregard intelligence that does not support policy predisposition. In the case of Iran, by the late 1960s the stability of the Iranian monarchy was accepted as a given within

¹ Rhodri Jeffreys-Jones, *The CIA & American Democracy* (New Haven: Yale University Press, 1989), p. 92.

² Harry Howe Ransom, "Being Intelligent about Secret Intelligence," *American Political Science Review* 74 (March 1980): p. 147.

the Washington policy establishment despite the existence of countervailing intelligence. Dramatic arms transfers and extremely close diplomatic and military ties became the hallmark of the US-Iranian relationship while American intelligence capabilities with regard to Iran were downgraded.

The period of inquiry was selected for a number of reasons. First, it coincides roughly with the reign of the Muhammad Reza Pahlavi. Though the Shah came to power with the forced exile of his father in 1941, his power in these years was severely circumscribed by the allies who occupied Iran. Only after the 1953 coup was the Shah in a position to exercise his authority. Second, prior to 1950, with the notable exception of the 1946 Azerbaijan crisis, American policy makers were satisfied that Iran remain within the British sphere of influence. It took the oil nationalization crisis in 1950 and the increasingly volatile nature of the Cold War to draw American attention firmly toward Iran. Third, because this work contends that many of the charges of intelligence failure on Iran are, to a certain extent, unjustified given continually skeptical assessments of stability in Iran, it is appropriate to examine the full range of these estimates. Similarly, because this thesis seeks to illuminate the evolution of American policy in the context of intelligence on Iran, it is useful to examine this evolution in its entirety. Fourth, the recent declassification of a number of relevant documents allows for a relatively consistent, if incomplete, exploration of this period. While the documentary record for the years of the Nixon administration (1969-1974) remains problematic for historians, the capture and publication of thousands of official documents by Iranian students after the seizure of the US Embassy in Tehran has alleviated this situation to a degree. Fifth, any

discussion of political intelligence on the Shah's regime that did not cover the Iranian revolution would obviously be incomplete. Hence the period from the Shah's assumption to authority (1950-1953) to his overthrow (1978-1979) offers appealing historic symmetry.

Implicit in the approach of a work such as this is what Wesley Wark notes as intelligence as the "missing dimension" of policy-making. Here, the historian seeks to integrate into the historical record the role of intelligence assessments in the conduct of foreign policy. Intelligence assessments, broadly conceived, provide unique insight into the spoken and unspoken assumptions, perceptions and misperceptions, of decision makers as they formulate and implement policy. Wark asserts that past studies have generally focused on the episodic treatment of intelligence in peace and war, with a chronological focus on the 1930s and the early Cold War, and a geographical focus on Western intelligence agencies.³ While this dissertation is hardly original in the latter context (the US intelligence community), it is seminal in the former context. Few studies, with the partial exception of a number of works on the Soviet strategic threat, have provided the broader historical perspective of three decades of intelligence assessments on a single country. While numerous authors have addressed the 1953 intervention and the Iranian revolution, either in reference to US policy, intelligence, or both, the connective tissue of the intervening two and a half decades remains largely unexplored.

³Wesley K. Wark, "The Study of Espionage: Past, Present, Future?" in *Espionage: Past, Present, Future?*, ed. Wesley K. Wark (London: Frank Cass, 1994), pp. 3-4.

In pursuing my goal, I have tried to avoid what John Lewis Gaddis calls “buffism,” or the preoccupation with details at the expense of context.⁴ I have brought to this study the assumption that the most important aspect of intelligence is the linkage between it and the policy it is supposed to inform. Just as inaccurate intelligence can be dangerous in the hands of well-meaning policy makers, the best intelligence in the world is of little use if it does not find a receptive audience among those it is supposed to educate. The importance of historical research on intelligence lies in establishing what governments did in relation to the information they did or did not have on hand. The difficulty of historical research in this area is documenting that linkage. What follows will provide few “smoking guns” for the simple fact that these generally do not exist. As Wark notes, striving always to provide a direct link between intelligence and policy outcomes risks conceptual oversimplification.⁵ Rather this work is a modest attempt to illuminate aspects of decision-making about which most policy related documents are silent.

In the study of contemporary history, specific methodological problems must be taken into account.⁶ The most obvious problem is one of evidence. Heavily relied upon in this study is the use of public domain and declassified documentation. I have collected over 2,500 cubic inches of material from the Central Intelligence Agency, Department of Defense, Department of State, the White House, as well as relevant documentation from the Public Records Office in London. Data for the early chapters of this work has come from the US National Archives, the Declassified

⁴ John Lewis Gaddis, *The United States And The Cold War: Implications, Reconsiderations, Provocations* (Oxford: Oxford University Press, 1992), p. 104.

⁵ Wark, “The Study of Espionage,” p. 4.

Documents Reference Service (Carrollton Press) on microfiche at the Library of Congress in Washington, DC, and the US State Department's documentary series, *Foreign Relations of the United States*. Still other material has been made available via the diligent work of the US National Security Archives also located in Washington. Collectively, the relevant collections at the US National Security Archives afforded me access to nearly sixty thousand pages of indexed documentation declassified pursuant to the Freedom Of Information Act or of government volition. The Kennedy, Johnson, and Carter Presidential libraries as well as the Nixon archives in Collage Park, Maryland, provided me with assistance through the mail and in person.

Data for this study ranges from one page cables to an 83 page research study. The majority consist of analytical pieces: Intelligence Reports, National Intelligence Topics (NITs), National Intelligence Estimates (NIEs), Intelligence Appraisals etc. Other forms include research studies, cables, airgrams, memorandum, policy papers, and correspondence between relevant actors. While some of this information contains data of only marginal use to this study, much of it is invaluable in demonstrating the evolution of both US policy in Iran and the US intelligence effort in reference to that evolution. Still other documents help illustrate the intelligence-policy dynamic as it pertains to Iran.

Some documents reveal a plurality of interpretations surrounding one event or issue, and provide interesting insight into the predisposition of intelligence analysts and policy makers alike at discrete moments in time. In other instances, documents

⁶ Yehunda Bauer, "Contemporary History - Some Methodological Problems," in *History: The Journal*

have been sanitized prior to declassification, in which case portions that continue to be classified have been withheld. Often, these deletions cover only source names or methods of collection. However, entire sections of other documents remain classified, making their value and usefulness to the research process minimal. Finally, in some instances the documentary record remains completely barren. The State Department volume on Iran, 1951-1954, in the *Foreign Relations of the United States* is a case in point. Its complete omission of material concerning the overthrow of the Musaddiq government in 1953 is a shameful distortion by what is generally an invaluable historical source.⁷

To supplement the above sources, I have conducted a number of interviews with administration officials, intelligence officers, policy makers, and Foreign Service Officers from the American Embassy in Tehran and in the Department of State. These interviews provided me with valuable context necessary to evaluate the mass of information at my disposal. Often, those interviewed confirmed a line of thought, added detail, or suggested alternative paths of inquiry. These contributions were accepted gratefully but with prudence and caution. Some of these subjects have spoken to me under condition of anonymity, and every effort has been made to protect their identities. Where possible, the full name, date of interview, and location have been cited. I have also reviewed the oral history collections at the Presidential libraries and the Foreign Service Oral History Collection, Georgetown University.

Finally, I have surveyed for this endeavor a wide variety of secondary sources on topics ranging from the evolution of post-war US intelligence and national security

of the Historical Association, 61, 203, (October, 1976).

to modern Iranian history. The latter selection of works have proved particularly valuable in establishing the accuracy of American intelligence about Iranian domestic political developments.

The dissertation is developed chronologically. American policy toward Iran evolved considerably over the thirty years under discussion. It is not the purpose of this study, however, to document thirty years of American policy, but to explore the policy-intelligence dynamic. Consequently, each chapter is presented as a related case study of subsequent administration's approach to the Shah's regime compared to, and in many cases contrasted with, intelligence on Iran. In general, this study is a straight forward analysis of events and documentation.

Of course, a chronological account has both advantages and disadvantages. Its strength lies in the focus on cause and effect within a well defined historical context. The weakness in this approach rests in the lack of comparison and the explication of alternative interpretations. These problems are further enhanced by the dictates of space. Nevertheless, it is hoped that the chronological approach, proceeding as it does inductively, has allowed me to generalize in a meaningful way despite these shortcomings. By proceeding chronologically, I have sought to avoid the danger "of imposing on the past an analytical structure that exists only in the mind of the analysts."⁸

Structure and Literature Review

⁷ See Bruce R. Kuniholm, "Foreign Relations, Public Relations, Accountability, and Understanding," *Perspectives* [newsletter of the American Historical Association], XXXVIII (May/June, 1990), I, 11-12.

⁸ Gaddis, *The United States And The End Of The Cold War*, p. 19.

The literature on American intelligence is plentiful. Over the last two decades a plethora of works examining the US intelligence community and its work have been published. Explicit in this body of literature is a long standing preoccupation with surprise. More specifically, the issue of strategic surprise has been the driving theme for practitioners and students of intelligence alike. Yet since the end of the Second World War, political change short of war has been far more frequent, but the study of political intelligence has been the subject of a very few studies indeed.

Prior to the revolution in 1978, little had been written on the subject of American intelligence on Iran. The revolution, the hostage crisis, and subsequent US-Iranian enmity brought with them allegations of a policy failure and set the stage for a number of works on the subject. Explicit in the works of a number of foreign policy scholars and analysts of US-Iranian relations is the view that an intelligence failure regarding Iran was a component of an overall US policy debacle. These observers tend to be unanimous about the failure of intelligence on Iran. However, differences in where to establish a causal link between policy and intelligence distinguishes two general schools of thought. The first school asserts that long standing policy predispositions about Iran tainted intelligence. In an environment in which critical intelligence about political stability in Iran was unwelcome, analysts tended to be passive in their judgments. Consequently, analysts provided intelligence that did not challenge the distorted views of policy makers. The second school asserts that the intelligence community was genuinely uninformed about political realities in Iran, and therefore, failed to provide policy makers with timely, accurate information.

Chapter One explores the motives behind the 1953 covert intervention to unseat Dr. Muhammad Musaddiq and preserve to Shah's rule. Most scholars agree that the Truman administration did not regard Musaddiq as a threat.⁹ The go-ahead for the operation, (code name AJAX), came abruptly with the change of administrations in Washington. Some analysts have focused on American oil interests and access to Iranian petroleum reserves as the prime motivation behind US participation in the coup.¹⁰ In contrast, a number of first-person accounts of the operation have stressed the assertion that Musaddiq's Communist sympathies made his government vulnerable to a Soviet sponsored coup.¹¹ This thesis refines and elaborates upon the work of James Bill and Mark J. Gasiorowski. These authors note the existence within the United States government of more sophisticated views of Musaddiq; namely, that the prime minister was neither a Communist nor a Communist sympathizer.¹² A careful examination of intelligence assessments on Iran during this period demonstrates that mid-level US analysts did not perceive the overthrow of Musaddiq to be necessary in averting Communism in Iran.

During the Eisenhower era, the CIA came as close to the policy process as it ever has. The activist nature of intelligence officers and policy makers alike created

⁹ Mark J. Gasiorowski, "The 1953 Coup D'Etat in Iran," *International Journal of Middle East Studies* 19 (1987), pp. 261-286; James A. Bill, *The Eagle And The Lion: The Tragedy Of American Iranian Relations* (New Haven: Yale University Press, 1988), p. 85; Barry Rubin, *Paved With Good Intentions: The American Experience in Iran* (Oxford: Oxford University Press, 1980), p. 77.

¹⁰ Emblematic of the approach are William Blum, *The CIA: A Forgotten History. US Global Intervention Since World War 2*. (London: Zed Books 1986), pp. 74-75; Bahman Nirumand, *Iran: The New Imperialism in Action* (New York: Monthly Review Press, 1969), p. 5.

¹¹ See for instance, Kermit Roosevelt, *Countercoup: The Struggle For The Control Of Iran* (New York: McGraw-Hill, 1979), p. 2; Allen Dulles *The Craft Of Intelligence* (New York: New American Library, 1965), pp. 207-208; Dwight D. Eisenhower, *Mandate for Change: White House Years, 1953-1956* (Garden City: Doubleday, 1963), p. 162-163.

¹² Mark J. Gasiorowski, *US Policy and the Shah: Building a Client State in Iran*, (Ithaca: Cornell University Press, 1991) pp. 82-83; Bill, *The Eagle And The Lion*, p. 87.

an environment in which an operation such as AJAX could take place despite deep divisions among relevant personalities. Thus the CIA, at the height of its operational capabilities abroad and credibility in Washington, played an important role in defining American policy in Iran.

The intervention was significant in two ways. Its success provided a powerful precedent for future covert operations. As the first major covert operation undertaken by the agency, AJAX symbolized the increasing capabilities of the “golden age of operations.”¹³ In the Iranian domestic political context, the coup helped to consolidate the position of the Shah *vis-à-vis* his opponents. In doing so, the US helped to alienate a generation of secular middle class moderates.

Though the Shah became the focus of American policy in Iran after 1953, patronage was cautious and placed within the context of political, social, and economic development. The intelligence community asserted that popular legitimacy continued to be a problem for the Shah as he increasingly relied on repressive tactics to tighten his grip on power. Thus American policy during the latter half of the Eisenhower administration reflected this caution.

Chapter Two explores largely unmapped territory. As previously mentioned, there is a dearth of material covering US intelligence and Iran in the years following the coup with the exception of the CIA-SAVAK relationship in its infancy.¹⁴ Chapter Two argues that the consensus that existed in the Eisenhower administration about the tenuous position of the Shah was extended into the Kennedy years. A stream of

¹³ Jeffreys-Jones, *The CIA and American Democracy*, p. 81.

¹⁴ On this topic see Mark J. Gasiorowski, “Security Relations between the United States and Iran, 1953-1978,” in Nikki R. Keddie and Mark J. Gasiorowski eds. *Neither East Nor West: Iran, The Soviet*

critical intelligence assessments highlighted the Shah's lack of popular support, his increasingly authoritarian tactics, and the likelihood of radical change in Iran if steps toward reform were not taken. In Washington, the close relationship between intelligence and the policy establishment that had been established during the Cuban missile crisis was also characteristic of the producers and consumers of intelligence on Iran. The result of this consensus was the production of practical and accurate intelligence about the Shah's stability that found a receptive audience in the State Department, the White House, and the National Security Council. Consequently, the Iran policy as developed by the Kennedy administration stressed the need for profound economic and political reform as a means of averting revolution in Iran.

The highly pessimistic reporting of this period and Washington's push for reform in Iran was validated by the chaos and violence endemic to Iranian domestic scene, culminating in the widespread riots of June, 1963. These riots represented the most serious challenge to the Shah's stability since 1953. James Goode asserts that these riots were a response to the reform program, the White Revolution, embarked upon by the Shah at the behest of the United States. Consequently, the Kennedy administration bears responsibility for the Shah's authoritarian response and dictatorship in Iran.¹⁵ In examining intelligence during the latter part of the Kennedy administration, this thesis contests this assertion by demonstrating that intelligence analysts accurately assessed the Shah as a ruler unwilling to share power with anyone. Where the intelligence community stressed the need to invest other elements of

Union, and the United States (New Haven: Yale University Press, 1990), pp. 153-157. The CIA helped organize and train SAVAK beginning in the mid 1950s and tapering off in the early 1960s.

¹⁵ James Goode, "Reforming Iran during the Kennedy Years," in *Diplomatic History* 15 (Winter 1991), pp. 13, 26-27.

Iranian society in the decision-making process, the Shah pursued the tactics of repression, coercion, and co-optation. Put simply, the kind of meaningful reform envisaged by Washington was never embarked upon by the Shah.

The Shah's announcement of the White Revolution is, nevertheless, an important watershed for US-Iranian relations and the intelligence-policy dynamic in Washington. **Chapter Three** shows how the initial skepticism of the intelligence community about the validity and viability of the Shah's reform program was ignored by policy makers during the Johnson administration who tended to accept the Shah's reforms at face value. When confronted with changing strategic consideration in the Persian Gulf and the Middle East, most notably the Six Day War and Britain's historic 1968 decision to withdraw its forces from the Gulf by 1971, the Johnson administration preferred to emphasize the Shah's value as an ally and proxy for American interests in the region over the shortcomings of his regime.

While existing histories of US-Iranian relations have covered in detail the consequences of these events and the increasing dependence of American policy on the Shah, none have thus far examined the role of intelligence during this period. Such an examination reveals that during this period the intelligence community waged a largely unsuccessful campaign to convince policy makers that the White Revolution was an imperfect attempt by the Shah to stifle demands for political reform and largely designed for external consumption. These warnings fell on deaf ears for three reasons. First, as mentioned above, US policy was becoming increasingly dependent upon the Shah, especially as the US grew increasingly preoccupied with the conflict in Vietnam. Second, as noted by such scholars of

intelligence history as Rhodri Jeffreys-Jones and Christopher Andrew, a number of domestic embarrassments combined with internal debate within the US government over the conflict in Vietnam impaired the credibility and standing of the intelligence community in Washington.¹⁶ President Johnson showed little interest in intelligence in general, except in regard to the suppression of dissent within the CIA about Vietnam. Third, as the 1960s drew to a close, the Shah's high level of autonomy *vis-à-vis* his domestic opponents, bolstered by increasing oil revenues, produced a period of short-term, superficial stability. By the end of the Johnson administration, the voices of concern about Iran within the intelligence community were becoming fewer, while an influential pro-Pahlavi lobby in Washington was highlighting the Shah's value as an ally.¹⁷

By 1968, intelligence on the Shah's regime was downgraded as a priority for policy makers. Likewise, the overall quality of intelligence on the domestic scene in Iran was reaching a low point as the community, in response to the priorities of the Nixon administration, focused on Iran in a regional and international context.

Chapter Four examines the reasons behind this nadir in intelligence reporting and offers some mitigating evidence on behalf of the intelligence community. The Nixon doctrine, as applied to Iran, represented the zenith of US dependence upon the Shah in the foreign policy realm. During this period, the hallmarks of American policy toward Iran were dramatic and unparalleled arms-sales and an almost unquestioning

¹⁶ Jeffreys-Jones, *The CIA & American Democracy*, p. 156; Christopher Andrew, *For the President's Eyes Only: Secret Intelligence and the American Presidency from Washington to Bush* (New York: Harper Collins, 1995), p. 311, 315.

¹⁷ Mark J Gasiorowski, *US Policy and the Shah* (Ithaca: Cornell University Press, 1991), p. 189; James A. Bill, *The Eagle And The Lion: The Tragedy of American Iranian Relations* (New Haven: Yale University Press, 1988), pp. 169-176, Chapter 9.

level of diplomatic support. This policy was based on the assumption, by then widespread in Washington, that the Shah was a permanent fixture on the Iranian political scene. Meanwhile, structural changes in Washington designed to “tame” the bureaucracies impaired the effectiveness of the intelligence community.

Similarly, the high level of importance ascribed to the Shah by the White House and the National Security Council, now a major player in the formulation of Iran policy, created an environment in which, according to a number of authors, analysts were given every incentive not to cause problems or raise doubts about the viability of the Shah’s regime. Barry Rubin argues that years of myopic policy of unquestioning support for the Shah created an environment in which intelligence agencies were both unwilling and unable to question his stability. That intelligence analysts were unable to predict the Iranian revolution is understandable. Throughout the 1970s, restrictions on intelligence gathering in Iran hampered the collection of information that might have pointed to trouble.¹⁸

Here the thesis applies the work of Michael Handel and Earnest May to demonstrate how political and bureaucratic pressures and considerations affect intelligence capabilities.¹⁹ Despite internal and external censorship of intelligence, chapter four draws upon a number of intelligence documents, some only recently declassified, to demonstrate that according to some analyses of the CIA and INR, the Shah had failed to build any institutions that might guarantee stability beyond his reign. Moreover, the CIA accurately identified those segments of Iranian society that

¹⁸ Barry Rubin, *Paved With Good Intentions: The American Experience In Iran* (New York: Oxford University Press, 1980)

would eventually play a role in the revolution and reported on the pervasive cynicism and distrust that confronted the regime. Finally, Chapter Four examines the causes of the Iranian revolution and how these causes were reflected in intelligence reporting in the 1970s.

Chapter Five details the flow of information in national security channels during the Iranian revolution and examines the subsequent policy response to events to reveal that accurate, and in part, timely intelligence was at the disposal of policy makers in Washington. Nevertheless, the intelligence community proved to be incapable of playing a significant role in policy deliberations: Chapter Five explains why. A significant amount of hitherto unused documentation shows that the CIA and INR were able to accurately assess events in Iran. The intelligence failure lay in the inability to gain the attention of policy makers.

“Iran is not in a revolutionary or even a ‘prerevolutionary’ situation.”²⁰ This often cited assertion, which appeared in a 23-page Intelligence Assessment by the CIA in August 1978, has provided the basis for most historians criticism of the performance of the intelligence community during the Iranian revolution. Indeed, such criticism has been wide spread among historians of intelligence and foreign policy alike. Yet, the subject has been handled only in a peripheral manor. Few analysts have examined the mass of available intelligence related documentation, thus

¹⁹ Michael Handel, “The Politics of Intelligence,” *Intelligence and National Security*, Vol. 2, No. 4 (October 1987), pp. 5-46; Earnest May ed. *Knowing One’s Enemies: Intelligence Assessments Before the Two World Wars* (Princeton: Princeton University Press, 1984), Chapter 1 and Conclusion.

²⁰ The intelligence assessment, *Iran After the Shah*, has yet to be declassified. The quote is taken from, House of Representatives, Permanent Select Committee on Intelligence, Subcommittee on Evaluation, Staff Report, *Iran: Evaluation of US Intelligence Performance Prior to November 1978* (Washington, DC. 1979), p. 6. The context from which the quote was taken is as follows: “*Iran After the Shah* ... is similarly ‘not an assessment of what will happen,’ but ‘an examination of persons, institutions, and other

much of the complexity of the intelligence-policy dynamic with regard to Iran has been missed. In part, this can be explained by the fact that many of these studies were conducted in the immediate years following the Iranian revolution, prior to the declassification of much of the relevant intelligence. More recent studies have been more successful in employing this documentation, but the overarching context within which to place it has been outside the scope of study. No work has focused specifically on American political intelligence on Iran to any significant extent.

The vast majority of observers agree that the policy establishment in Washington did not welcome despairing intelligence about the Shah. American policy was dependent upon the Shah, and he had weathered many crises in the past. The CIA's optimistic August 1978 assessment seemingly proved that either the intelligence community was overly sensitive to the wishful thinking of policy makers, genuinely uninformed about events in Iran, or both. A phalanx of personal accounts by leading protagonists such as President Jimmy Carter, former National Security Advisor Zbigniew Brzezinski, and his assistant, Commander Gary Sick, have reinforced these accusations.²¹

Only recently have these assumptions been challenged. In 1981-1982 the Islamic Republic published hundreds of documents captured in the Embassy takeover in 1979. Entitled *Documents From The US Espionage Den*, these documents offered the first intimate look at the American intelligence effort in Iran. In part, these

factors that will play a role...' Although useful in its intended purpose, it proved highly misleading with its preface, which asserted, 'Iran is not in a revolutionary, or even a 'prerevolutionary' situation.'

²¹ See Jimmy Carter, *Keeping Faith: Memoirs Of A President* (Toronto: Bantam Books, 1982); Gary Sick, *All Fall Down: America's Tragic Encounter With Iran* (New York: Viking Penguin, 1986); Zbigniew Brzezinski, *Power and Principle: Memoirs of the National Security Advisor, 1977-1981* (New York: Farrar, Straus, and Giroux, 1976).

volumes demonstrated that the intelligence community had early doubts about the stability of the Shah's regime. As early as 1975, the CIA had demonstrated a healthy skepticism about the Monarchy's political permanence.²²

Nevertheless, the House of Representatives evaluation on intelligence in Iran prior to 1978 remains the most frequently cited document on the topic. Like policy makers themselves, analysts of foreign policy have tended to minimize the impact of intelligence on the decision-making process, perhaps correctly. Thus, the study of political intelligence about the Shah and his opposition has taken a back seat to the examination of US policy in general. Works on American policy in Iran have been universally critical; it has been easy to extend this criticism to American intelligence.

At least one other analyst suggests that the warning failure on Iran lay in the policy-intelligence dynamic. Prados asserts that the intelligence agencies reflected the predilection of the policy establishment to avoid in-depth analysis of the Shah's stability. In addition, infighting and policy feuds among the Washington foreign policy bureaucracies obfuscated useful intelligence. The ascendancy of the National Security Council (NSC) and the role of the national security advisor in the foreign policy process alienated other agencies and departments. Thus, specific policy agendas could be pursued without the benefit of alternative views or intelligence that would challenge policy assumptions.²³

James Bill employs the concept of the "Pahlavi premise" to describe the assumption in the highest levels of the executive branch of the US government that

²² Scott Armstrong, "Intelligence Experts Had Early Doubts About Shah's Stability," *Washington Post*, February 2, 1982.

²³ John Prados, *Keepers Of The Keys: A History Of The National Security Council From Truman To Bush* (New York: William Morrow, 1991), pp. 434-438.

the Shah was politically invincible. In Bill's view, intelligence analysts "always worked under the shadow of the 'Pahlavi premise'," and failed to challenge the assumption. Thus the policy establishment and the intelligence community were locked into a cycle of mutually reinforcing failure in Iran.²⁴ Like Rubin, Bill argues that US policy was shortsighted; policy makers suffered from a fundamental lack of understanding of the intricacies of Iranian socio-economic trends. Bill suggests that the intelligence community contributed to this situation by providing policy makers with a "deeply flawed and inaccurate picture of Iran."²⁵

Other policy analysts share Bill's view that the ignorance of the intelligence community contributed to policy myopia. In their view, the community was unable to draw the proper conclusions from available information; thus the problem was one of analysis. Michael Ledeen and William Lewis assert that intelligence experts did not fail to see a potential crisis in Iran so much as they failed to understand it when it came. In part, this situation was a product of the woeful management of the intelligence community in the 1970s. Low moral, bad press, and resistance from within both the policy establishment and the intelligence community to critical intelligence on the Shah's stability hampered the community's ability to inform policy makers.²⁶

Historians of American intelligence and scholars of intelligence issues also point to the Iranian revolution as an intelligence failure. One analysts has seen the warning and predictive failure as a product of insufficient methodology among

²⁴ James A. Bill, *The Eagle and the Lion: The Tragedy Of American-Iranian Relations* (New Haven: Yale University Press, 1988) p. 422.

²⁵ Bill, *The Eagle and the Lion*, p. 258.

intelligence experts. Those who thought the Shah would weather the crisis as he had others in the past as well, as those who thought that his downfall would precipitate an era of peace and stability in US-Iranian relations, suffered from a fundamental lack of understanding about revolutions in general. Moreover, few intelligence analysts were cognizant of the vulnerability inherent in an authoritarian regime at a time of reform.²⁷ Other observers of intelligence history have placed the American failure in Iran within the context of the evolution of US intelligence agencies, particularly the CIA. Ranelagh asserts that Iran represents an unqualified failure of both policy and intelligence: "It was a colossal intelligence failure all around, and it was compounded by shilly-shallying and a lack of resolve in the White House." In Ranelagh's view, this was a product of sea change within the Agency. Increased reliance on technical gathering systems, the rise of intelligence technocrats, and an inability to recognize a world returning to disorder are the salient themes.²⁸ Another scholar has focused on the perception of an intelligence failure with regard to Iran and its domestic impact. Though there might be some case for exoneration, the perception of the CIA's "nonprediction of change in Iran," established a consensus against President Jimmy Carter's management of the community and a mandate for enhanced and unrestricted intelligence capabilities in the administration of Ronald Reagan.²⁹

²⁶ Michael Ledeen and William Lewis, *Debate: The American Failure in Iran* (New York: Alfred A. Knopf, 1981) pp. 130-133.

²⁷ Walter Laqueur, *A World Of Secrets: The Uses And Limits Of Intelligence* (New York: Basic Books Inc., 1985) p. 266.

²⁸ John Ranelagh, *The Agency: The Rise and Decline of the CIA: From Wild Bill Donovan to William Casey* (New York: Simon & Schuster, 1986), p. 548.

²⁹ Rhodri Jeffreys-Jones, *The CIA And American Democracy* (New Haven: Yale University Press, 1989) p. 222.

More recently, some analysts have begun to examine the policy-intelligence nexus as it pertains to Iran in more detail, but still in a peripheral way. These studies have detailed the breakdown in communication in Washington and the troubled relationship that policy makers and intelligence analysts share. According to one view, trends that should have pointed to political instability in Iran were ignored because the information inside the intelligence community was not properly disseminated. The NSC is the body responsible for the integration of a wide verity of disparate information, hence it is fundamentally wrong to classify Iran as an intelligence failure.³⁰ Zachary Karabell documents a stream of information from the Embassy in Tehran that should have warned decision-makers in Washington to the growing crisis in Iran. This information was obfuscated by the nature of the reporting process, and was therefore, incapable of redirecting American policy. More importantly, "US policy dictated that the Shah must continue in power, and political considerations dictated that certain information was not welcome."³¹

Scholars of intelligence have failed to examine adequately the extent to which American policy did or did not reflect intelligence. These observers have tended to view Iran as an isolated example of failure that represents an evolution in the state of intelligence. Like other works, the breadth of these works tend to limit the level of analysis on the topic. Iran provides a convenient example of a number a salient changes in US intelligence, but the American-Iranian context is missing. Discussion of US policy in Iran tends to be superficial and the resources upon which the analysis

³⁰ Abul Kasim Mansur, "The Crisis In Iran: Why The US Ignored A Quarter Century Of Warning," *Armed Forces Journal* 116 (January 1979), p. 3.

is based are limited to the House evaluation and memoiristic literature such as has been mentioned above. Thus this approach, like others, tends to focus on a few critical sources while ignoring a body of potentially mitigating data.

Context continues to be a problem. Literature on American intelligence in Iran prior to the Iranian revolution has been nonexistent with but a couple of important exceptions. Though well known in Iran for years, the Anglo-American intervention in 1953 went unmentioned in Britain and the United States until 1978.³² The Iranian revolution brought with it a reappraisal of past US relations with Iran and a more thorough examination of the 1953 intervention. Gasiorowski argues that most mid-level officials in the CIA and the State Department did not favor a coup. Intelligence analysts did not believe that Musaddiq was a communist or that a communist takeover was likely. Thus the decision to intervene was taken by officials at the top as they sought to affirm the credibility of the "New Look" strategy with a show of strength.³³

Historians of US foreign policy will find this study useful. The roots of the revolution of 1978 have been well documented with the benefit of hindsight. The influx of millions of petro-dollars financed the Shah's sprint towards modernization and "westernization" in the 1960s and 1970s. This in turn led to economic retrenchment in the 1970s at a time of rising economic and political expectations

³¹ Zachary Karabell, "Inside the US Espionage Den": The US Embassy and the Fall of the Shah," *Intelligence And National Security* 8 (January 1993), p. 57. Karabell asserts that critical information was given such a low security classification that it failed to draw attention in Washington.

³² One exception is Richard and Gladys Harkness, "The Mysterious Doings of CIA," *Saturday Evening Post*, November 6, 1954, pp. 66-68. According to one scholar, the Eisenhower administration was happy to inform the press about the US role in the coup to demonstrate the aggressive nature of the "New Look." See Mark J. Gasiorowski, *US Policy and the Shah: Building a Client State in Iran*, (Ithaca: Cornell University Press, 1991), p. 83.

³³ Gasiorowski, *US Policy and the Shah*," pp. 82-84

among the Iranian middle class, and a return to the ideals of fundamental Islam among the lower classes. Were the socio-economic and political implications of the oil boom and the White Revolution recognized at the time? If so, why did the United States continue to encourage uneven political and economic development in Iran? Did intelligence on the cohesion and loyalty of the Iranian military support the massive program of arm-purchases that have been the subject of so much criticism among foreign policy analysts? Was the military under the command of the Shah capable of safeguarding US interests in the region? Finally, were the regional interests of the US and the Shah compatible? These are the salient questions this work will address.

Scholars of intelligence topics will also find this study of use. Evaluating the performance of the intelligence community on one country over three decades offers a unique insight into the evolution of American intelligence on the whole. Did the efficacy and credibility of intelligence change with the political fortunes of the community in Washington? How did the methodological assumptions employed by Iranian specialist in the government alter as US policy toward Iran evolved from cautious assistance in the 1950s and 1960s to dependence in the 1970s? Though a friend and ally of the United States, the nature of the Iranian domestic power structure meant that Iran remained a "hard target" for intelligence experts in Washington. Much has been written on the intelligence effort *vis-à-vis* advisories such as the Soviet Union. There is a startling lack of literature on the collection and analysis of political intelligence on friendly states and the issues this presents in terms of a client-state relationship.

In sum, political intelligence on Iran remains the missing component in the understanding of US foreign policy and the Shah, while the effects of America's Iran policy affected intelligence capabilities in influential ways. As one observer notes, "Intelligence helps to define what kinds of policy approaches may be workable, while policy exercises not only a daily influence on the intelligence agenda but a long-term influence on overall intelligence capabilities."³⁴ The case of Iran illustrates this relationship in interesting and informative ways.

³⁴ Laqueur, *World Of Secrets*, p. 108.

Further Thoughts

There are a few sentiments that I must note here as a matter of intellectual disclosure. I embarked upon this endeavor with few conscious preconceived notions about the subject material. I did believe that an efficient and capable intelligence effort was a necessity for democracies in an uncertain world. Other than a general curiosity about the “secret world,” I held few strong convictions toward the subject of secret intelligence that might have been classified as either critical or apologetic. For the most part, this remains the case.

As for Iran and US relations with that country, I can honestly say that, prior to the following research, I knew even less about Iran than I did about the CIA. Other than some vague and nascent memories of the hostage crisis in Iran (I was thirteen years old in 1979), my limited knowledge of Iran was gleamed from a few courses in Middle Eastern history and politics as an undergraduate. I have since immersed myself in a number of enlightening works on the subjects of Iranian society and politics. Yet, in characterizing my understanding of a country and culture so intricate, complex, and sophisticated, I find that modesty is the best policy. If at any point in what follows I portray myself as an “Iranian specialist,” I do so inadvertently and with regret. No offense is intended to those who have dedicated their professional lives to the engaging task of understanding of this distinctive place.

I do, however, walk away from my endeavor with some firmly-held views about the US intelligence effort and the history of US-Iranian relations. Inasmuch as I believe that it is a purpose of history to generalize in a meaningful way, and in doing

so establish some lessons from the past, I will share them here. As these lessons undoubtedly influenced this finished work, it is the pertinent thing to offer the up front.

I have come to believe that in a volatile international environment, gentlemen may be forced to read other gentleman's mail, but they should think twice about manipulating their political systems. Disraeli may have been correct to suppose that assassination has never changed the history of the world, but the consequences of covert action are all too often difficult to define, impossible to predict. The overthrow of Dr. Muhammad Musaddiq in 1953 was an ill-conceived action, the consequences of which the United States still confronts as of this writing.

Long-term assessments about the future correlation of forces are important, if problematic. They are important because they mitigate a weakness of policy-making, expediency. It was always expedient to support the Shah, for the United States accrued considerable benefits from the relationship. It was not always wise to support the Shah, at least at the level the US did, given long-term estimates about the permanence of the Pahlavi system. Long-term assessments are problematic for the reason that there exist few obvious mechanisms by which they can be incorporated into the decision-making process.

Objective assessments are difficult to come by and rarely employed. There are so many factors which can lead to a breakdown in the intelligence-policy relationship, that one hesitates to list them. Accurate intelligence can be disbelieved; inaccurate intelligence can be acted upon. Those who serve at the highest levels of

government are inclined to trust their own judgment for better or for worse. They make their own estimates or seek those that support their predispositions.

Finally, in assessing the quality of intelligence, the standard of accuracy must be used with care. Short-term negatives do not preclude long-term positives. The Devil may not be in the detail, but rather in the general. Earnest May related a story, certainly apocryphal, that illustrates this point well. A senior minister in the British government during the first half of the century estimated, year in and year out, that there would be no major war in Europe. In all that time, he boasted, he was wrong only twice.³⁵

³⁵ May, Conclusion, *Knowing One's Enemies*,” p. 503.

Chapter One

From Negotiation to Intervention: Truman, Eisenhower, and the Royal Alternative in Iran

In 1953, the Central Intelligence Agency, in partnership with British intelligence, helped to overthrow Iran's nationalist Prime Minister, Dr. Muhammad Musaddiq, in favor of Muhammad Reza Shah Pahlavi, the Shah of Iran. The motives behind the Anglo-American intervention in Iran are controversial and remain the subject of debate. This a consequence of the fact that most of the documentation pertaining to the covert details of the operation was destroyed by the CIA in the early 1960s.¹ However, the documentation available to historians, particularly the political intelligence produced by the State Department and Central Intelligence Agency, as well as the minutes of the National Security Council meetings, reveals contrasting viewpoints regarding the character of the Musaddiq government among various levels of the US government and between different American administrations. An examination of this material demonstrates that the only advocates the coup which was to unseat Musaddiq and preempt Communist control of that country were senior members of the Eisenhower administration. Moreover, this advocacy contrasted with the views of US intelligence experts and senior officials in the Truman administration who did not believe that such an intervention was necessary.

¹ *New York Times*, May 29, 1997. On May 28, 1997, Director of Central Intelligence James Woolsey announced that all of the documents concerning operation AJAX had been destroyed. Nick Cullather, a former CIA historian, claimed that, on Iran, "there's nothing," and that these documents had been disposed of in the 1960s as a result of a "culture of destruction" at the Agency.

This chapter does not seek to reveal new details about the Anglo-American covert political intervention. Rather, it seeks to identify the evolution of official thought within the US government which led to such a course of action in the of US political intelligence about Iran. Whereas the Truman administration, acting from intelligence that characterized Musaddiq as anti-Soviet, neutralist, and a liberal nationalist, chose to negotiate and mediate between the UK and Iran in their ongoing dispute over the nationalization of British oil interests, by 1953 the Eisenhower administration opted for confrontation and covert action despite the existence of similar information. The contention here is that the Eisenhower administration acted out of a set of Cold War priorities which included a distrust of the character of Iranian nationalism and the maintenance of both Iran's pro-Western alignment and the British-American special relationship.

Additionally, this chapter seeks to measure the accuracy of US political intelligence on the stability of Iran in reference to American policy.

Finally, this chapter examines intelligence about the stability of the newly restored Pahlavi monarchy, the consequences of the coup for Iranian political development and the US-Iranian relationship, and its meaning for the US intelligence community. Here we find that, in choosing the royal alternative in Iran, the US gained what intelligence analysts portrayed as a difficult ally whose base of support, in contrast to that of the Musaddiq regime, was tenuous at best.

While the CIA would seek to promote its success in Iran as an open secret, this success would produce, in the long run, widespread resentment among Iranians of many political stripes. As the Agency's first major covert success, it is not difficult to believe that it served as a precedent for future actions. Yet other less inspiring precedents were set as well. The underlying wisdom of the intervention was ill-

conceived and at variance with the opinions of many others in the US government. As such, it represents a dangerous preference for covert action at the expense of intelligence.

Nationalism, the Cold War, and the Anglo-Iranian Oil Crisis: 1950-1951

Throughout the developing world, nationalist movements were attempting to maximize their national autonomy through greater control of their natural resources. In December 1950, a revolutionary fifty-fifty revenue contract was signed between Saudi Arabia and the Arabian-American Oil Company, marking a watershed shift in the landlord-tenant relationship of nations and the oil companies. This agreement was not lost on most oil producing countries, especially Iran, which annually received less in royalties than the AIOC paid to the British government in taxes.² The British had been reviled in Iran for years.³ Now control of the oil and the AIOC became the primary focus of the rising tide of nationalism in Iran. But the economic factors in the dispute were important only as a function of higher goals. At the heart of the matter was the nationalist drive for economic independence and national sovereignty.

During the early 1950s, America's uncomfortable relationship with Third World nationalism was evolving. In Iran prior to WWII, American foreign policy had been decidedly noninterventionist with the exception of the Anglo-Persian Treaty of

² Daniel Yergin, *The Prize: The Epic Quest For Oil, Money & Power* (New York: Simon & Schuster, 1992), p. 451. Between 1945 and 1950 the AIOC registered (pounds) 250 million in profit as compared to (pounds) 90 million for Iran. Furthermore, the majority owner of Anglo-Iranian was the British government which received substantial dividends from the company.

³ It would be difficult to overstate the popular hatred for the British in Iran at this time. In the words of Daniel Yergin, "never had so much malevolence been attributed to a so rapidly declining power." Yergin, *The Prize*, p. 450. Years of intrigue had produced great resentment among Iranians of all political stripes. It was common practice to accuse your political opponents of being British agents. Hatred for the British was the one factor that truly unified Iranian political factions. For the most complete account of British policy toward Iran during this period as well as the AIOC's operations in Iran, see L. P. Elwell-Sutton, *Persian Oil: A Study in Power Politics* (London: Lawrence And Wishart, 1955).

1919. Here the United States had weighed in on the side of Iranian nationalists.⁴ As the Cold War heated up, factions within the US government began to view nationalism with varying degrees of alarm. Some believed that it was in the interest of the US to foster liberal, non-Communist nationalist movements in order to forestall the appeal of communism in developing countries. Others, however, tended to view nationalism as synonymous with incipient communism. The stability of entrenched interests, propped up by military aid, could be a more secure alternative to the unknown quantities of social and political reform. Within the US State Department and the CIA, both factions existed.⁵ Their dominance in these bureaucracies vis-à-vis one another tended to be determined by the views of whoever sat in the White House.

The Truman administration responded to the rise of nationalism in Iran by applying the principles of the Atlantic Charter. Social change seemed inevitable and therefore should be encouraged and hopefully directed in a way that was consistent with American national interests. The objective of American foreign policy toward Iran was "to prevent its domination by Soviet Russia, and to strengthen its orientation toward the West," through an "emphasis on economic and social development."⁶ Yet there were complicating factors. By the end of 1950, there was a war in Korea, the Soviets had exploded their own atomic device, and Iran was in the grip of economic chaos. Indeed, as the historian John Lewis Gaddis notes, President Truman himself viewed the outbreak of war in Korea as a diversion for Soviet expansion into Iran.

⁴ Richard Cottam, *Nationalism in Iran* (Updated Through 1978, Pittsburgh: University of Pittsburgh Press, 1979), pp. 206-207. The Anglo-Persian Treaty of 1919 established Persia as a British protectorate in all but name. The United States publicly expressed disapproval of the treaty and attempted to gain a hearing for Iran at Versailles. These actions earned the US considerable good will among Iranian nationalists. pp. 184-185.

⁵ Barry Rubin, *Paved With Good Intentions: The American Experience And Iran* (Oxford: Oxford University Press, 1980), p. 56.

⁶ United States Department of State (DOS), "Political And Economic Factors Involved In Military Assistance To Iran In FY 1951," undated, in *Foreign Relations of the United States, 1950: The Near*

But American policy makers found themselves balancing competing priorities of anti-Communism and anti-colonialism. Where possible the United States might support nationalism while easing Britain and France out of their colonial possessions. Yet to do so would risk the alliances designed to check Soviet aggression. As Gaddis asserts, "tilting too far in either direction - by alienating new friend in the Middle East or old friends in Western Europe - could create openings for the Soviets that would endanger them both."⁷ Further complicating this situation was the fact that nationalists in Iran were more interested in economic and political sovereignty than in American strategic priorities.

The Truman administration sought a path of compromise at least in part because of intelligence which concluded that the nationalist government in Iran was genuine, neutralist, benefited from strong popular support, and was capable of maintaining order. Indeed, US intelligence during the last two years of the Truman presidency viewed possible alternatives to nationalist rule in Iran with varying degrees of skepticism. In retrospect, the weight of historical opinion, discussed below, validates both this intelligence and the Truman administration's response to it.

In 1950, negotiations between Iran and the AIOC stalled. By the time the company was willing to match the Saudi-American fifty-fifty deal it was too late for a compromise. In the Majlis, the nationalist tide was gaining momentum for nationalization of the AIOC. Advocates of a settlement of the oil issue in Iran found their position increasingly undercut by the high level of popular support for nationalization. Prime Minister Ali Razmara, himself a nationalist, maneuvered for a

East, South Asia, And Africa (Washington DC: Government Printing Office, 1978) Vol. V:465. Hereafter cited as *FRUS*.

⁷ John Lewis Gaddis, *We Now Know: Rethinking Cold War History* (Oxford: Clarendon Press, 1997), p. 165.

compromise in the dispute. Razmara's assassination in March 1951 was widely viewed as a consequence of his position on the oil issue and was met with popular approval. Razmara's murder signaled the cost of compromise and emboldened the broad coalition of forces calling for nationalization.

In June 1950, the Majlis created a committee to investigate and make recommendations on the Supplemental Agreement.⁸ The chairman of the committee was a charismatic nationalist named Dr. Muhammad Musaddiq. Born of an aristocratic family and educated in the West, Musaddiq was a fervent proponent of nationalization and quickly turned the committee into a forum for his beliefs. Throughout this period Musaddiq became increasingly prominent in a loose coalition of political groups known as the National Front. Bound only by their common opposition to the Pahlavi court and to the British presence in Iran, this coalition was able to garner tremendous popular support for the issue of nationalization. Armed with such support, Musaddiq's committee recommended nationalization to the Majlis, who passed a bill to do so unanimously on March 15, 1951, eight days after Razmara's murder. The Senate unanimously ratified the bill three days later.

In the meantime, the already troubled Iranian economy was deteriorating, raising concern in Washington that the country was becoming even more vulnerable to Communist subversion. American foreign policy toward Iran, as devised by Secretary of State Dean Acheson, recognized "the right of sovereign states to nationalize provided there is just compensation."⁹ Nominally, the US approached the Anglo-Iranian dispute as a neutral arbiter, but during the Truman administration this

⁸ The Supplemental Agreement had been reached in 1950. It was dropped in December 1950 once the Iranians learned of the impending Saudi-Aramco fifty-fifty deal.

⁹ David S. McLellan, *Dean Acheson: The State Department Years* (New York: Dodd, Mead, 1976), p. 387.

arbitration was tempered with pro-Iranian leanings. The administration's first fear was that stability in Iran would deteriorate to such a degree that the Tudeh party would be able to gain control. A second fear was that the British would invade and precipitate a Soviet response.¹⁰ Truman and Acheson attempted to bring an end to the crisis by restraining the British while encouraging the Iranian nationalists to compromise.

US Intelligence and Nationalism in Iran: 1951-1952

The CIA was optimistic that, barring the armed intervention of the Soviet Union, the government could maintain control. Shortly after Razmara's murder, the CIA reported that the military, the police, and the gendarmerie remained under effective control of the government and were capable of maintaining order. The Tudeh was "not believed to be capable of taking advantage of the current tension to gain control of the government or even seriously to disrupt the government's control."¹¹ Still, the situation remained tenuous given the possibilities that it might be aggravated by "an unyielding attitude on the part of the British," or by the assassination of the Shah. If such an eventuality were to arise, the CIA concluded that the chance of the Tudeh's gaining power would improve.¹²

After the Razmara assassination, the Shah appointed an interim Prime Minister, to be followed shortly thereafter with the appointment of Muhammad

¹⁰ Acheson felt the need to warn the British on March 17, 1951 that "a substantial difference was developing between our [United States] views on the permissible use of force in Iran and those to which some elements in London appeared to be adhering. Only on invitation of the Iranian Government, or Soviet military intervention, or a Communist coup in Teheran, or to evacuate British nationals in danger of attack could we support the use of military force." Dean Acheson, *Present At The Creation: My Years in the State Department* (New York: W.W. Norton & Company, 1969), p. 506.

¹¹ US Central Intelligence Agency (CIA), Secret Special Estimate, "The Current Crisis In Iran," March 16, 1951, p. 1. In the Declassified Documents Reference Service, 1981. Hereafter cited as DDRS.

¹² US CIA, "The Current Crisis In Iran," p. 2.

Musaddiq on April 29, 1951. With Musaddiq's accession to power, the CIA reported in a Special Estimate in May, the clash of interests between Iran and the UK had reached "a critical stage." The CIA characterized Musaddiq as an "extreme nationalist," and concluded that, while a real effort to reach a settlement would be made, there was "little indication that Musaddiq and the AIOC will modify their respective stands in sufficient time to permit an early settlement of the issue."¹³

The CIA expected Musaddiq, as an "extreme nationalist," to "curtail severely foreign influence in Iran and to adopt a neutralist policy toward the East-West struggle." His position on the oil dispute had garnered him "strong popular support" and it was unlikely, according to the estimate, that he could be displaced any time soon. Internally, Musaddiq reportedly favored electoral reform, opposed restrictions on freedom of speech, assembly, and the press, and "urged that the Shah be stripped of power and that the Majlis become the dominant factor in the government."

The estimate noted correctly that the new Prime Minister had "few personal followers in the Majlis" but was, nevertheless, in a "strong political position," by virtue of his leadership of the National Front and its "intense popular support." Indeed, his mandate was such that the Majlis had felt compelled to nominate Musaddiq and the Shah had been compelled to appoint him Prime Minister despite the monarch's intense dislike of the nationalist. The estimate held that despite the many "critical problems" facing the new government, Musaddiq was likely to remain in power as long as the oil crisis remained a burning issue. Among the supporters of Musaddiq's program, the CIA listed the National Front, the Fidayan-i Islam (the small religious group responsible for Razmara's assassination), the illegal Tudeh party, and "probably the great majority of Iran's laborers, tradesmen, and students who can

¹³ US CIA, Special Estimate, "Current Developments In Iran," May 22, 1951, p. 1. In DDRS, 1981.

significantly affect political developments in Iran through strikes, demonstrations, and violence." The CIA was careful to point out that both the Tudeh and the Fidayan-i Islam shared Musaddiq's goal of nationalization but were not considered to be political allies in any other sense.¹⁴

In retrospect, the above CIA analyses appear accurate. Musaddiq's appointment symbolized what Richard W. Cottam calls the "brief triumph of liberal nationalism" in Iran: "Iran had a government which was able to attract enthusiastic mass support." Iranian nationalism, formerly amorphous and leaderless, had crystallized into a coherent movement led by "a great leader and possessed of a feeling of an almost mystical national mission."¹⁵ Musaddiq's position on the oil issue and his anti-British stance had garnered for him the support of Iranians of many political stripes. Furthermore, Musaddiq's liberal principles, his support for electoral reform, freedom of the press and assembly, and his opposition to the Pahlavi monarchy increased his base of support with the inclusion of groups and personalities that shared his antipathy for the Shah. The CIA correctly identified those groups which could be counted among Musaddiq's supporters. According to James Bill, on the bases of social background, his support came from the traditional middle class centered in the traditional business community, the bazaar, and the mosque, and the professional middle class of liberals with modern education.¹⁶

More importantly, the CIA was correct to identify the ambivalent relationship that existed between Musaddiq and the Tudeh party. This ambivalence, expanded

¹⁴ US CIA, "Current Developments In Iran," pp. 3-4. Both the Fidayan Islam and the Tudeh were "constantly attempting to coerce Musaddiq into adopting more extreme measures against Western interests." The Fidayan had threatened the Prime Minister's life while the demands of the Tudeh party had gone far beyond those of nationalization.

¹⁵ Cottam, *Nationalism in Iran*, pp. 261-262.

¹⁶ James A. Bill, *The Eagle And The Lion: The Tragedy Of American Iranian Relations* (New Haven: Yale University Press, 1988), p. 68.

upon below, was in part a product of Moscow's view of the Iranian nationalists. Soviet propaganda tended to dismiss Musaddiq as a "bourgeois" agent of the United States. Yet, as of 1951, the Soviets probably hoped for some form of united-front strategy among the Tudeh party and the various nationalist groups in order to diminish Western influence in the Iran.¹⁷

The Tudeh party during this period was approaching the zenith of its influence in Iranian politics. A well-funded and organized group, the Tudeh maintained close ties to the Soviet Union. Its membership was comprised of segments of the middle and working classes and it was extremely active in industrialized urban areas and the oil fields of Khuzistan. Its unofficial alliance with Musaddiq and the National Front was one of convenience only. The Tudeh press portrayed Musaddiq as a feudal landlord and American stooge, and the Prime Minister was under continual pressure from the Party.¹⁸ Though Musaddiq did not repeal the 1931 law against the party, his liberal attitude toward civil liberties enabled Tudeh growth during the early 1950s. As government controls relaxed, Tudeh front organizations and newspapers proliferated.¹⁹

The distinction between Tudeh support for Musaddiq and a tacit alliance with him is important. Musaddiq's apparent tolerance for the party worried US policy makers who believed that the Prime Minister was opening the door for a Tudeh takeover. From the Truman administration's point of view, such an event would be disastrous. This was, after all, a period of intense anti-Communist hysteria in the

¹⁷ Richard Hermann, "The Role of Iran in Soviet Perceptions and Policy, 1946-1988," in Nikki R. Keddie and Mark J. Gasiorowski eds., *Neither East Nor West: Iran, the Soviet Union, and the United States* (New Haven: Yale University Press, 1990), p. 68.

¹⁸ James A. Bill, *The Eagle And The Lion*, pp. 67-68. By its peak in 1953 the Tudeh could boast around 25,000 members and as many as 300,000 sympathizers.

¹⁹ Ervand Abrahamian, *Iran Between Two Revolutions* (Princeton: Princeton University Press, 1982), p. 321.

United States and a number of individuals in the Truman administration were falling under the critical eye of Senator Joseph R. McCarthy and his anti-Communist crusade. A Tudeh coup in Iran could lead to the kind of “who lost China” accusations that had plagued the administration after the revolution. These fears were probably fueled by Musaddiq’s liberal tendencies regarding political expression in general and his resistance to using coercion as a tool of power.²⁰ “There is some danger,” the same CIA March estimate asserted, “that the Tudeh Party may attempt to take advantage of Musaddiq’s leniency to foment disturbances throughout the country and that Musaddiq will be unwilling to use the Iranian armed forces to maintain order. In view of the tension and general unrest in the country, Tudeh activity might seriously undermine internal security.”²¹

Such fears were not entirely misplaced. Initial Tudeh support for the Prime Minister had been a product of internal division within the party. One faction favored indirect support because the National Front represented the “national bourgeoisie” in conflict with “British imperialism.” The hard-liners within the party, however, viewed Musaddiq’s aristocratic background with suspicion and were convinced that he would eventually align himself with the forces of reaction, including the Shah.²² As we shall see below, the hard-liners would eventually carry the day within the party and the Tudeh’s initial support for the National Front would change to open confrontation.

For his own part, Musaddiq contributed to American fears by pursuing an inconsistent policy toward the Tudeh. Any prospect for a unified alliance between

²⁰ Bill, *The Eagle and the Lion*, p. 56. According to Bill, Musaddiq believed neither in ideological dogma nor coercion: “when forced to resort to extra-constitutional means to maintain his premiership in 1952-1953, Musaddiq became visibly uncomfortable and unhappy.”

²¹ US CIA, “Current Developments In Iran,” pp. 5-6.

²² Abrahamian, *Iran Between Two Revolutions*, pp. 321-322.

the party and the National Front was out of the question, for the Prime Minister understood that this would antagonize the US and jeopardize American economic, military, and most importantly, diplomatic assistance. Nevertheless, Musaddiq allowed Tudeh demonstrations and front organizations, and refused to crack down on its underground network. Moreover, the Prime Minister was forced, on occasion, to rely on the party's physical presence in the streets.²³

Nevertheless, it seems the CIA had an accurate perception of Tudeh strength and the party's relationship with Musaddiq. This may account for the Truman administration's patience in dealing with the Prime Minister and the issue of nationalization. As long as the Communist threat to Iran was not immediate, there was room to fashion a possible compromise. Indeed, it seems as though intelligence analysts believed the British were a more immediate threat to Iranian stability than the Communists.

American policy makers were in a difficult position. On the one hand, the Truman administration was sympathetic to Iran. On the other hand, they did not wish to see their Cold War ally Britain entirely undermined in the region. At any rate, the United States wished to see a quick end to the crisis, something about which intelligence community was not optimistic. But American concerns were global. The conflict on the Korean peninsula beginning in June 1950 had brought home the alarming reality of East-West competition. There had already been clashes along the Soviet-Iranian boarder, and now the United States was undertaking serious contingency planning in the event of an invasion by the Soviets. Here, resolution of the oil crisis directly overlapped broader strategic considerations. Iranian oil accounted for 40 percent of Middle Eastern production in 1950 and the AIOC refinery

²³ Abrahamian, *Iran Between Two Revolutions*, p. 324.

at Abadan, the biggest in the world, was the major source of aviation fuel in the Eastern Hemisphere. The Psychological Strategy Board stated in September that it was "of 'critical importance' that Iran shall remain free and independent," for Iran was "recognized as a 'continuing objective' of Soviet expansion." In laying down American priorities, the Board stated that "US-UK cooperation was of paramount importance surpassed only by the overriding need to 'keep Iran from going down the drain' by any means possible." Yet the contradictions implicit in the Board's reasoning were reflective of the overall US dilemma. It expressed a need to coordinate with the British on the issue of Iran but admitted that this was complicated by the goal of remaining a "friendly third party." It could foresee no plan the US might put forward that the British were bound to accept and postulated that Musaddiq would "have to be replaced before the chance for an oil agreement can improve."²⁴

American efforts to negotiate a settlement continued into the summer and fall of 1951. Averell Harriman was dispatched to Iran to act as a mediator, only to confirm that the situation was at an impasse. His time in Iran convinced Harriman that the nationalists were both genuine and popular, that armed interference would draw the Soviets in, and that the inflexibility of the British might lead to a more extreme and pro-Soviet regime in Tehran.²⁵ Harriman's experience was a frustrating one. He and a State Department petroleum consultant, Walter Levy, had no more luck in explaining the practical and technical problems associated with nationalization than they did in fashioning any possible settlement. Harriman understood that, for Musaddiq, the issue was not about economics. As the CIA had asserted, the Prime Minister's political and physical life was dependent on a

²⁴ US National Security Council (NSC), Psychological Strategy Board, Secret Memorandum from Gordon Gray to William Kerns, September 21, 1951, pp. 1-2. In DDRS, 1983.

resolution of the crisis that included ending British presence and interests in Iran. Short of that, his life depended on continuation of the crisis.²⁶

The British were not helpful in the effort to reach a settlement. Indeed, London's strategy was at cross purposes with American goals. As the situation in Iran became more violent the forces on either side of the government began to clash, the British became convinced that instability would lead to a more reasonable government in Tehran.²⁷ But the economic situation had become serious after oil revenues dried up and the government was forced to implement an austerity program. Musaddiq needed US economic aid and would play on American fears to obtain it.

On January 13, 1952 Musaddiq met with the new American Ambassador, Loy Henderson. During the course of the meeting, Musaddiq insisted that without immediate emergency economic aid "Iran would collapse" within a month and the Tudeh would take control of the government. These dire warnings were a bluff, and the CIA recognized them as such. On January 17, the Office of National Estimates (ONE) reported that, though the financial situation in Iran was serious, Musaddiq could "avert a financial crisis for a considerable period... without foreign assistance." The memorandum stated that "it was to be expected that he would make a strong plea for US emergency aid." Such assistance, in ONE Assistant Director Paul A. Borel's view, would help Musaddiq avoid the strict financial measures that might embolden opposition and strengthen Musaddiq's position until the next election. Finally, Borel believed US aid would allow Musaddiq to perpetuate the oil crisis.

²⁵ Rubin, *Paved With Good Intentions*, p. 71; L. P. Elwell-Sutton, *Persian Oil*, p. 248.

²⁶ Harriman met with Ayatollah Abul Qassim Kashani, a leading figure in the nationalist opposition in Iran who reportedly had a hand in the Razmara assassination. The vehemently xenophobic Kashani, though a nominal member of the National Front, accused Musaddiq of being pro-British and added; "if Musaddiq yields, his blood will flow like Razmara's." Quoted in Yergin, *The Prize*, p. 461.

²⁷ Rubin, *Paved With Good Intentions*, p. 69.



If denied US aid, the memorandum stated, Musaddiq might turn to the Soviets for assistance. In such an event, the Soviets might be willing to provide "limited advances" against future oil purchases in order to gain "a psychological triumph which would improve Tudeh's chances for ultimately coming to power." But the ONE did not consider it likely that the USSR would provide sufficient assistance to the Prime Minister "to enable him to stabilize his position."²⁸

A financial crisis would develop rapidly if Musaddiq did not gain assistance. However, the ONE did not believe that the Tudeh would be able to seize control of the government as Musaddiq had intimated. Rather, Borel believed that in the short-term, the Shah or conservative elements would step into the breach. At any rate, Borel insisted that US aid would only postpone a crisis in Iran, alienate the British, and alienate the Shah and the conservative opposition, "thereby reducing the chances for a more amiable government's coming to power." Meanwhile, Musaddiq's obduracy on the oil issue and the British presence in Iran was such that a solution to the crisis seemed a remote possibility. A handwritten notation appeared on the source text: "I do not think we should make this advance now. H[arry] S. T[ruman]."²⁹

In fact, ONE's analysis of the economic situation was accurate. Though the outset of the oil crisis had damaged the Iranian economy, the institution of stimulate fiscal policies had brought unemployment down below 1951 levels and sparked a modest economic recovery.³⁰ Furthermore, Moscow's cool approach to Musaddiq

²⁸ US CIA, Office of National Estimates, Memorandum: Paul A. Borel to the Director of Central Intelligence, "Musaddiq's Demand for Emergency US Aid," January 17, 1952, in *FRUS, 1952-1954: Iran* (Washington DC: Government Printing Office, 1978) Vol. X:328-329. Borel speculated that, in the absence of US aid, the government would try to sell oil to Czechoslovakia, Poland or the USSR. However, he believed the Soviet block could ship sufficient amounts of oil to "provide Musaddiq with a lasting solution of his financial problems."

²⁹ US CIA, "Musaddiq's Demand for Emergency US Aid," p. 330.

³⁰ Mark J. Gasiorowski, *US Policy and the Shah: Building a Client State in Iran* (Ithaca: Cornell University Press, 1991), p. 80.

suggests that Soviet financial assistance would have been limited indeed. The Soviets had little incentive to offer assistance which might have stabilized Musaddiq's position. They believed that the Prime Minister was pro-American. Truman's response to Borel's analysis demonstrated a wait and see attitude. Given the lack of an immediate threat to Iran from the Left, the United States could afford to pursue a compromise on the oil issue.

The problem for American policy makers was that there appeared to be no viable alternative for Musaddiq. Borel's view that the Shah might act divisively was not supported by reporting. Embassy and intelligence documents covering this period are replete with references to the Shah's indecision. According to one telegram, the Shah would "not willingly change from [his] habitual vacillation or drop his policy of awaiting the play [of] other forces which may painlessly depose [the] Musaddiq government without his intervention."³¹ Nor had the Shah "in the past demonstrated any consistent will or capacity to exert whatever influence was within his power in support of basically constructive activities" stated one INR report.³² According to the same report, Musaddiq's primary advantage was the weakness of his opponents who "are divided, enjoy little popular confidence, and have no dynamic, constructive proposals with any popular appeal."³³

Intelligence such as the above probably helped extend Acheson's and Truman's patience with Musaddiq. The latter were convinced, despite the Prime Minister's flirtation with Iranian-Soviet *rapprochement*, of Musaddiq's anti-

³¹ US DOS, The Ambassador in Iran (Henderson) to the Embassy in the United Kingdom, February 28, 1952, in *FRUS, 1952-1954: Iran* (Washington DC: Government Printing Office, 1978) Vol. X:363.

³² US DOS/ Office of Intelligence Research (INR), Secret Intelligence Report, "Iran: An Estimate of Possible Political Developments," May 16, 1952, National Archives, Washington DC, p. 7.

³³ US DOS/INR, "Iran: An Estimate of Possible Political Developments," pp. 6-7

Communist credentials.³⁴ Additionally, there was a growing feeling within the administration, especially within the departments of State, Treasury, and Defense, that the United States should begin to consider a course of action independent of the British who were viewed as "obstructive and determined on a rule-or-ruin policy in Iran."³⁵

As Musaddiq's position in Iran became more tenuous during the spring of 1952 he was forced to resort to extra-constitutional measures to maintain his hold on power and institute social, political, and economic reforms. In May, the State Department's Bureau of Intelligence and Research (INR) reported a "definite trend toward dictatorship" in Iran and evaluated the circumstances that would continue to shape the National Front government. INR was concerned about the power of the extreme Left in Iran and its ability to gain the initiative over Musaddiq. Within the army there existed a substantial faction which sympathized with the Tudeh party. Should this faction gain control of the government, it was feared that it would "adhere to most of the domestic and foreign policy lines advocated by the Communist Tudeh party, with the important exception that it would not have organizational ties with the USSR." Thus INR directly linked Musaddiq's chances for success with his success in "neutralizing or subverting the army."³⁶ The problem was that the Shah remained in control of the army and would not surrender this power voluntarily.

There were substantial numbers within the Iranian military that were either Tudeh members or pro-Communist, a fact that certainly must have concerned US officials.³⁷ In linking Musaddiq's chances of success with his power to influence the

³⁴ Rubin, *Paved With Good Intentions*, p. 72.

³⁵ Acheson, *Present At The Creation*, p. 682.

³⁶ US DOS/INR, "Iran: An Estimate Of Possible Political Developments," pp. ii-iii.

³⁷ Gasiorowski, *US Foreign Policy and the Shah*, p. 85; Cottam, *Nationalism in Iran*, p. 237.

army, analysts were effectively equating his interests with those of the US. Thus the trend toward dictatorship in Iran, from Washington's standpoint, may not have been worrisome. However, not mentioned in INR's report was the effect that this dictatorial trend had on the cohesion of the National Front. Some members, including many of the religious groups within the front, were uncomfortable with Musaddiq's power grab and the secular character of his reforms.³⁸

INR speculated on six separate possible developments. Two of the six developments involved Musaddiq and the National Front retaining control of the government and carrying on, either with or without an oil settlement. INR believed the former case to be the most probable, but estimated that in both cases the government could overcome the opposition and maintain order. A third possibility was that Musaddiq might be replaced with a more extreme nationalist leader. Fourth, the report analyzed the possibility of a more conservative leader coming to power. Finally, the fifth and sixth possibilities dealt with the assassination of either Musaddiq or the Shah.

Interestingly, the possibility of a Tudeh takeover was left out of the list. However, INR believed that the seizure of power by the Communists was a "likely outgrowth" of alternatives three through six. According to the report, it was "safe to rule out a successful Tudeh coup on the grounds that (a) Tudeh strength, though growing, is still limited to a few urban centers; (b) the majority of Iranian people—both rural and urban—are not disillusioned with Musaddiq's leadership, and (c) the

³⁸ Abrahamian, *Iran Between Two Revolutions*, pp. 274-275.

army is still relatively free of Tudeh influence.”³⁹ In short, continued exclusion of the Communists from government was dependent on Musaddiq’s retaining power.

In the summer of 1952 Musaddiq escalated the conflict with the Shah to a new level by exercising his constitutional right to name a minister of war, thereby wresting control of the armed forces away from the Shah. Not surprisingly, the Shah refused to recognize Musaddiq’s choice. In order to force the issue, the Prime Minister resigned, declared that the Shah was in violation of the constitution, and appealed directly to the public. The royalists in the Majlis elected Ahmad Qavam as the new Prime Minister and the National Front, supported by the Tudeh, took to the streets in a series of strikes and mass demonstrations. Five days into the crisis, violence and signs of dissension within the military persuaded the Shah to relent. On July 21, the Shah invited Musaddiq to form a new government.⁴⁰

Qavam’s candidacy had been covertly supported by the British in their ongoing effort to unseat Musaddiq. He met secretly with the British in the months before Musaddiq’s resignation in order to build support for his bid and seek approval for potential cabinet choices. The British responded positively and approached friendly members of the Majlis in order to build support for Qavam.⁴¹ The episode demonstrated the level of popular support Musaddiq could call upon despite the fissures that were developing within the National Front, and the relative weakness of pro-British politicians in Iran.

³⁹ US DOS/INR, “Iran: An Estimate of Possible Political Developments,” p. iv. In 1954 the Iranian government obtained a list of Army officers in the Tudeh party totaling over 400. Cottam, *Nationalism In Iran*, p. 237.

⁴⁰ Ayatollah Kashani’s faction of the National Front also supported Musaddiq’s position with intense religious rhetoric aimed against the government and Qavam. Abrahamian, *Iran Between Two Revolutions*, pp. 270-271.

⁴¹ Great Britain, Public Records Office, “Qavam’s Proposals,” January 7, 1952, FO/371/98683; “Qavam’s Proposals,” March 25, 1952, FO/371/98683.

Emboldened by this victory, Musaddiq employed a number of maneuvers to strengthen his position in the months to follow. He forced remaining royalists out of the cabinet and declared himself Minister of War. He cut the palace budget, forbade the Shah to meet with foreign diplomats, and transferred royal land holdings back to the state, essentially stripping the Shah of his power. As INR had predicted in May 1952, Musaddiq conducted a purge and reorganization of the military, replacing many of the top ranks with men whom he trusted. Finally, the Prime Minister gained from the Parliament emergency powers to rule by decree for six months. This was subsequently extended for another twelve.⁴² It appeared, as US intelligence specialists had predicted, that Musaddiq was indeed likely to remain in power for the time being.

The reappointment of Musaddiq as Prime Minister demonstrated to both the British and the Americans that Musaddiq was the personality with whom they must contend. His impending downfall, though still a distinct possibility, seemed less likely to occur in the near-term after July, 1952. This recognition signaled yet another round of fruitless negotiations between the British and Iran with the US as mediator.

Given that Musaddiq's political future seemed more secure after his reappointment, US intelligence analysts attempted to characterize his foreign policy. In July 1952, the Bureau of Intelligence Research undertook a study of the basic foreign policy attitudes of the National Front and reported that "since the development of a world-wide war scare in 1950...Iran's foreign policy has been one of neutrality." As far as the Communist challenge to Iran went, the report held that,

by historical accident, Musaddiq's domestic and foreign policy doctrines correspond to a significant degree with the immediate objective of Soviet propaganda in Iran. Although the present Iranian leadership opposes Soviet Communism – as evidenced by the government's decision to impose martial law, suppress Communist-

⁴² Abrahamian, *Iran Between Two Revolutions*, pp. 272-273.

front newspapers, and raid Tudeh centers – its foreign policy attitudes frequently echo the propaganda line of the Communist-dominated Tudeh Party, Tudeh front organizations, and the Persian-language Soviet broadcasts beamed to the area from Radio Moscow and Radio Democrat in Azerbaijan.⁴³

The above analysis reflects the ambiguous nature of Iranian foreign policy during this period. Musaddiq's foreign and domestic policies did correspond to the objectives of Soviet propaganda in Iran, but only to the extent that they represented an intense anti-imperialism. In fact, there was probably more in common between Musaddiq's anti-imperialism and Soviet propaganda than there was between Soviet foreign policy in Iran and Soviet propaganda. The Soviets were not willing to take any action in Iran which would risk confrontation with the West. Thus, they failed to capitalize on the anti-imperialist movement of this period. They never attempted to build upon Tudeh support with effective mass movements, nor did they encourage pro-Soviet factions within the Iranian military to any significant degree.⁴⁴ Yet, Musaddiq's foreign policy also demonstrated a slant in favor of the United States. He continually sought US diplomatic support and economic assistance. He accepted Point Four assistance and US military aid. Such maneuvers were designed to counterbalance Moscow's influence in Iran as well as that of London.⁴⁵ Above all, the above analysis shows that intelligence analysts did not see Musaddiq as overly sympathetic to Iranian Communists. Such analysis probably helped to define the differences between Iranian nationalism, neutralism, and communism.

⁴³ US DOS/ INR, Confidential Intelligence Report, "Iran: Basic Attitudes Of The National Front Concerning Foreign Relations," July 3, 1952, National Archives, Washington DC, pp. iv-v.

⁴⁴ Nikki R. Keddie, Introduction, in Nikki R. Keddie and Mark J. Gasiorowski eds. *Neither East Nor West*, p. 5.

⁴⁵ Rouhollah K. Ramanzani, *The Foreign Policy of Iran, 1500-1941* (Charlottesville: University of Virginia Press, 1975), p. 245.

By the end of 1952, the intelligence community was unanimous that the National Front would remain in power through the following year. In November the CIA reported that "the political forces that brought Musaddiq to power are powerful and lasting. The Shah and the formerly dominant landowning class have lost the initiative, probably permanently." Additionally, the CIA held that the government, though pressed economically, had the power to "check mob violence and Tudeh agitation," and neither the Communists nor any of the domestic opponents were "likely to develop the strength to overthrow the National Front by constitutional means or by force in 1953."⁴⁶ Assuming this analysis was correct, it did not bode well for an early end to the Anglo-Iranian confrontation. Yet the CIA was correct in its assessment of the forces that brought Musaddiq to power. As noted by Richard Cottam, Musaddiq was the personification of the Iranian striving both for international independence and the replacement of oligarchic control: "Musaddiq was accepted by an ever-expanding public as an absolutely trustworthy leader who deserved their wholehearted and uncritical support."⁴⁷ US intelligence analysts understood this. Thus they implicitly linked stability in Iran to the continuation of a nationalist government. American policy makers could rest assured that Iran would not, in the short-term, slide into the Soviet sphere.

An important caveat to these assertions was the admitted inability to "estimate with confidence whether Musaddiq himself will remain in power during 1953." Mullah Kashani, a member of the National Front, was characterized correctly as "Musaddiq's strongest opponent" and was seen to be building his own political

⁴⁶ US CIA, Secret National Intelligence Estimate (NIE)- 75, "Probable Developments In Iran Through 1953," November 13, 1952, pp. 1-2. In DDRS, 1994. On the subject of economic pressure, the CIA reported that "we do not believe that economic factors, in themselves, will result in the overthrow of the National Front in 1953."

⁴⁷ Cottam, *Nationalism in Iran*, p. 264.

strength in anticipation of a possible parliamentary challenge to the Prime Minister.⁴⁸

The split between Musaddiq and Kashani was significant. Kashani's disillusionment with Musaddiq arose when the latter began to assume extra-constitutional powers and began to make secular appointments to his cabinet. Kashani represented the increasing alienation of the religious factions within the National Front. Musaddiq's coalition was beginning to fragment.⁴⁹ In December, the Office of Intelligence Research produced a lengthy and considerably more detailed estimate of Iran's political and economic prospects in the coming year. Its conclusions were similar to those of the NIE a month before.

Even before the end of the Truman administration's tenure, the gap between Washington's and London's approach to the crisis in Iran had closed somewhat. The need for allied cooperation elsewhere in the world had already limited US options, and continued frustration with Musaddiq also helped to reduce transatlantic differences. Still, Acheson resisted any intervention and attempted one last time to aid Tehran and stabilize the country. Acheson and others in the administration including Secretary of Defense Robert Lovett argued that American oil operations were inextricably linked the US national security. The two persuaded the President that a pending antitrust suit against US petroleum companies might be dropped in order to gain their assistance. Acheson hoped to advance Iran \$100 million against future oil deliveries in cooperation with one or more American companies. Such a move, it was hoped, would encourage the British to be more flexible. To drive the threat home to London, Paul Nitze was dispatched to tell Anthony Eden that the White House would no longer wait for the AOIC to make concessions. The

⁴⁸ US CIA, NIE-75, p. 6.

⁴⁹ Abrahamian, *Iran Between Two Revolutions*, pp. 276-278.

maneuver was to little avail, however. American oil companies had long since closed ranks around the AIOC and refused to cooperate. With this, the final chapter in the Truman administration's dealings with Musaddiq came to a close.

An assessment of US intelligence on Iran during the Truman administration reveals compelling reasons for the US to have remained a neutral mediator in the Anglo-Iranian dispute, or indeed to have extended US support for the Musaddiq government. Though Musaddiq's approach to Iranian Communists was one of leniency, Musaddiq's own anti-Soviet credentials were legitimate. Indeed, analysts tended to view Musaddiq and the National Front as the only political entities capable of generating popular support and staving off instability. Few analysts in the State Department or the CIA believed Musaddiq's overthrow to be necessary in order to avert Communist control of Iran. Though Iranian neutrality may have been a worrisome component of nationalism in Iran, this concern was tempered by obvious pro-American leanings in Iran. Many Iranians, including Musaddiq, welcomed American involvement in their country in order to counterbalance Soviet and British influence. Moreover, the proximity of the Soviet Union, Moscow's historical interest in her southern neighbor, and the historical anti-Russian bias in Iran would almost certainly have placed limits on the degree of Iranian neutrality. Yet American support for Musaddiq would have incurred the wrath of her Cold War ally, Great Britain. While the Truman administration demonstrated a willingness to test its special relationship, as evidenced by American attempts to mediate the crisis, forestall British military intervention, and moderate British covert intervention in Iran, the Eisenhower administration was less inclined to do so.

Eisenhower: The US Policy Shift

In November 1952, General Dwight D. Eisenhower won the American Presidency. In contrast to that of his predecessors, Eisenhower's foreign policy would be decidedly more activist. The private processes of the Eisenhower foreign policy team were more enigmatic than its public pronouncements would lead one to believe. There is a component of a moral crusade in American foreign policy during this period, thanks to the Dulles brothers, Allen and John Foster. If Ike was less worried about Soviet military might or Communist world domination, the same cannot be said for the rest of the Republican party. The President needed to be shielded from criticism by the right wing of his party, and the price for this insulation would be the rhetoric of "roll back" and ideological conflict.

With the new administration came a new role for the CIA. This change was in part due to the attitudes of the new foreign policy team in Washington, but also due to the changing fiscal realities in the nation as a whole. Covert action seemed an inexpensive alternative to military action and had the added benefits of being surgical, less risky, and deniable. This comprised an important element of the administration's "New Look" strategy. Covert operations as an element of national strategy received a mandate from the White House which had not existed prior to the Eisenhower administration. This new premium was reflected in changes within the Agency as well. The budget for covert operations increased from \$4.7 million in 1949 to \$82 million by the time Eisenhower came to office, while personnel increased from 302 to 2,812. In August 1952, clandestine collection and covert operations were merged, with preferences for promotions and budgets going to the latter. Then Ike chose Allen Dulles, brother of the Secretary of State, to be his new

Director of Central Intelligence, ensuring closer coordination of intelligence and strategy than had before existed.⁵⁰

Covert activism seemed a natural component of what the political scientist Fred Greenstein calls the “hidden hand presidency.” It offered deniability to a president who cherished subtler avenues of action.⁵¹ Indeed, as Christopher Andrew notes, “the most covert part of Eisenhower’s actions was his own responsibility for them.”⁵² But covert operations were valued for a reason less discussed by historians. They offered flexibility in a conflict that was becoming more ambiguous, against enemies less easily defined. It is here that the role played by John Foster Dulles takes on added importance. While Eisenhower defined national interest, Gaddis asserts, the prevailing perception of the threat to those interests was defined by Dulles. In the words of Dulles, his was a world in which neutrality was “an obsolete conception,” and “except in very exceptional circumstances,... an immoral and short-sighted conception.”⁵³

Eisenhower’s own opinions concerning nationalism in the developing world are less easily defined. Anthony Eden found Eisenhower to be “obsessed with the fear of Communism in Iran.”⁵⁴ The President’s memoirs refer to reports that Musaddiq was “moving closer and closer to Communism,” and that “Iran’s downhill

⁵⁰ On the President’s attitudes concerning covert action, the historian John Lewis Gaddis offers the following private note by Eisenhower written in 1955: “I have come to the conclusion that some of our traditional ideas of international sportsmanship are scarcely applicable in the morass in which the world now founders. Truth, honor, justice, consideration for others, liberty for all—the problem is how to preserve them, nurture them and keep the peace—if this last is possible—when we are opposed to people who scorn...these values. I do not believe we can do it, but we must not confuse these values with mere procedures, even though these last may have at one time held almost the status of moral concepts.” John Lewis Gaddis, *Strategies Of Containment: A Critical Appraisal Of Postwar American National Security Policy* (Oxford: Oxford University Press, 1982), pp. 157-158.

⁵¹ Fred I. Greenstein, *The Hidden-Hand Presidency: Eisenhower As Leader* (New York: Basic Books, 1982), pp. 58-65.

⁵² Christopher Andrew, *For the President’s Eyes Only: Secret Intelligence and the American Presidency from Washington to Bush* (New York: Harper Collins Publishers, 1995), p. 202.

⁵³ Quoted in Gaddis, *Strategies Of Containment*, p. 154.

course toward Communist-supported dictatorship was picking up momentum.” According to Ike, such reports instilled in him the fear that Iran was about to suffer the same fate as had Czechoslovakia in 1948. Faced with such a possibility, the President backed a shift in American policy from “a position of impartiality” to one which backed the Shah and covertly militated against Musaddiq.⁵⁵

British intelligence had approached the CIA prior to the 1952 election to sound out opinions on a possible joint covert political intervention in Iran, but they were met with a wait and see attitude. In 1979 Kermit Roosevelt, the senior CIA operative in the Middle East, recalled that he and Allen Dulles, then DDCI, did not raise the matter of a possible covert operation with Dean Acheson. Roosevelt felt that Acheson was too sympathetic to Musaddiq to entertain such an idea: “We saw no point in getting the outgoing administration involved in something we thought they might be less enthusiastic about than the Republicans. Allen Dulles said, ‘Let’s not get this thing evolved until the Republicans and my brother Foster take over.’”⁵⁶ The timing of deliberations seems to validate this account. A preliminary meeting in which it was decided to develop a plan to oust Musaddiq was held on February 3, 1953, two weeks after Eisenhower’s inauguration.⁵⁷

Roosevelt’s counterpart in the Secret Intelligence Service, C.W. Woodhouse, believed in the need for American support for any operation in Iran. Woodhouse had arrived in Washington in mid-November 1952 to sell what he called Operation Boot to the Americans. He was confident that, if he could influence the CIA, he could garner support from the administration by virtue of the leverage enjoyed by the

⁵⁴ Anthony Eden, *Full Circle: The Memoirs of Sir Anthony Eden* (London: Cassell, 1960) p. 235.

⁵⁵ Dwight D. Eisenhower, *Mandate For Change: The White House Years, A Personal Account, 1953-1956* (Garden City: Doubleday & Company, Inc., 1963), pp. 161-163.

⁵⁶ Kermit Roosevelt quoted in the *Los Angeles Times*, March 29, 1979, p. 1.

Dulles brothers. While in Washington, Woodhouse, “not wishing to be accused of trying to use the Americans to pull the British chestnuts out of the fire...decided to emphasize the Communist threat to Iran rather than the need to recover control of the oil industry.” Woodhouse found a “powerful ally” in the Director of Operations Frank Wisner but his reception at the State Department was characterized as “chilly.”⁵⁸ Several lower level CIA Iran specialists opposed the plan, as did the CIA station chief in Tehran, who allegedly viewed it as “putting US support behind Anglo-French colonialism.”⁵⁹

The SIS sought American cooperation in the operation for at least two reasons. The extensive bribery envisioned by the planners made the operation an expensive proposition. In addition, when Musaddiq severed diplomatic relations with Britain late in 1952, Woodhouse and the rest of the British personnel in Iran left, leaving only the Americans on the ground in Tehran. Though the British had cultivated a number of assets in Iran, their position had clearly deteriorated since the rupture of relations in 1952. Thus, British assets would be handed over to the CIA for the operation.

Operation AJAX, as the CIA renamed the plan, consisted of three components. First, Musaddiq was to become the target of unfavorable propaganda, the capabilities for which were already in place. The CIA had been carrying out propaganda operations, code named BEDAM, against the Soviets and the Tudeh

⁵⁷ Kermit Roosevelt, *Countercoup: The Struggle for the Control of Iran* (New York: McGraw-Hill, 1979), p. 120.

⁵⁸ C.M. Woodhouse, *Something Ventured* (London: Granada, 1982), pp. 117-118. Woodhouse recalls that “the Americans would be more likely to work with us if they saw the problem as one of containing Communism rather than restoring the position of the AIOC.” p. 110. According to John Bruce Lockhart, the SIS liaison in Washington, fallout over the Kim Philby affair had left Frank Wisner and Allen Dulles lukewarm about the idea of Anglo-American cooperation. Thus they were initially less enthusiastic than Woodhouse’s account alleges. John Bruce Lockhart, cited in Evan Thomas, *The Very Best Men: Four Who Dared: The Early Years Of The CIA* (New York: Simon & Schuster, 1995), p. 108.

party since 1948. This had not only included the planting of anti-Communist cartoons and articles in the press, but also a significant political action element which involved financing anti-Communist groups and hiring street gangs to disrupt Tudeh rallies. Sometime during the Truman administration, CIA officers may have taken it upon themselves to use BEDAM to undermine the cohesion of the National Front.⁶⁰ These capabilities were now to be turned fully against the Musaddiq government.

The second component of the operation was gaining the Shah's cooperation for the operation. This involved, first, proving the US was in earnest about removing Musaddiq, a task that would prove more difficult than previously supposed, and second, by getting the Shah to dismiss the Prime Minister and appoint his successor. The candidate for the new job favored by the Americans was General Fazlollah Zahedi. A leading figure in the secret Committee To Save the Fatherland, an underground group of royalist army officers, Zahedi and his colleagues regularly intrigued against Musaddiq and had been planning a military coup.⁶¹ Once viewed by the Americans an unscrupulous opportunist, Zahedi was now seen as the kind of strong leader who could bring Iran back into the Western camp.⁶²

The final component of the plan encompassed an approach to key active duty royalist officers for support. The army would be the key to the operation. A

⁵⁹ CIA officer quoted in Mark J. Gasiorowski, *US Foreign Policy and the Shah*, p. 72.

⁶⁰ Gasiorowski argues that the CIA attempted to provoke a split among the various members of the coalition including Mullah Kashani, the Toilers party and the Pan-Iranists. As Gasiorowski points out, if this was the case, then it was in direct contradiction to stated US policy toward Iran during the Truman administration. The authorization for such activities remains a mystery; however, if Gasiorowski is correct, then CIA operatives were also acting in contradiction to analysts within their own agency who viewed Musaddiq as a counterweight to Communism in Iran. Gasiorowski, *US Policy and the Shah*, p. 70.

⁶¹ Though the British began conspiring with Zahedi in August 1952, they were initially reluctant to accept him as a potential Prime Minister owing to the fact that they had imprisoned the General during WWII for his pro-German sympathies. Abrahamian, *Iran Between Two Revolutions*, p. 278.

⁶² Gasiorowski, *US Foreign Policy and the Shah*, p. 74.

declaration calling for the armed forces to support Zahedi and the Shah would be circulated. Finally, military supplies would be distributed through the American military advisory mission.

Just as planning for AJAX was beginning to unfold, INR adopted an optimistic tone in response to Musaddiq's special powers. In February 1953, INR addressed the question of stability in Iran through the end of the year. "The rate of social change in Iran," the report stated, "has unquestionably accelerated" since the National Front came to power. The process of "radical change" was facilitated by National Front revolutionary propaganda; anti-British propaganda and policy decisions; the severe curtailment of the power and prestige of the Shah; some reduction in the prestige and morale of the military; manipulation of the Senate; and the organizational expansion of the Tudeh party. While these factors played a role in the revolutionary pace of change in Iran, INR believed that

they have not necessarily increased Iran's fundamental social and political stability; on the contrary, they have at least opened the way for the establishment of a more basic kind of social and political stability than Iran has known for several generations. On the one hand, it may be argued that the Shah and the Senate contribute to governmental stability in that they prevented hasty or ill-advised action by the cabinet or the Majlis. On the other hand, their role in the Iranian governing process was in many ways an unsettling one: the Shah's past record was one of intrigue and undermining of his ministers; and the Senate's inclination was to defend traditional privileges of the vested interests at the sacrifice of reforms for which public pressure was mounting.⁶³

This analysis directly contradicted the justification for any covert operation to overthrow Musaddiq. INR explicitly stated that Musaddiq and the National Front were not only obstacles in the way of Communism in Iran but also championed the kind of social and political forces that could bring lasting stability. Such reporting,

though forceful, may have been too sanguine. The social forces that Musaddiq represented, and his secular, liberal ideas, reflected the preferences of the modern middle class in Iran far more than those of the religious traditional middle class. The division between the two groups represented the major fault line within the nationalist opposition.⁶⁴ The members of the National Front were united more by their opposition to the British presence in Iran and to the royal court than by any coherent vision of the future. Thus as Musaddiq moved in the direction of these ideals, he was bound to lose some support. Given the significant differences within the National Front, the potential stability Musaddiq sought may have been more elusive than INR was given to believe.

Meanwhile, despite the special powers Musaddiq had gained from the Majlis, his position began to weaken as his policies alienated members of the coalition and the severe economic conditions antagonized the middle class. As Musaddiq increasingly pursued liberal, secular policies and allowed the Tudeh to assert itself, elements of the traditional parties in the National Front defected. Some, including Kashani, began to cooperate quietly with the Shah, who encouraged the defections. The consequence for Musaddiq was the loss of his connections with the traditional middle and lower classes and tradesmen and merchant (bazaar) interests.⁶⁵

As his coalition began to collapse, Musaddiq was forced to rely heavily on authoritarian powers and the Tudeh party's presence in the streets. In March the CIA reported, after a month filled with riots and demonstrations, that the principal opposing forces were now represented by Musaddiq on the one hand, and the Shah

⁶³ US DOS/INR Secret Intelligence Report, "Iran's Political and Economic Prospects Through 1953," February 2, 1953, National Archives, Record Group 59, Box 129.

⁶⁴ Bill, *The Eagle And The Lion*, p. 73.

⁶⁵ Bill, *The Eagle And The Lion*, pp. 71-72.

and Kashani on the other. Kashani had been able to marshal support both in the Majlis and on the streets. Thus, "the institution of the Crown may have more popular backing than was expected." Kashani, according to the report, still had less support than the Prime Minister; however, "Kashani's following...is better consolidated in the capital through a well organized 'street machine' which Musaddiq does not possess."

Of the military, the CIA held that significant elements would "probably remain loyal to the Shah, but whether or not they can be forged into an effective weapon in shaping political developments depends on the Shah's determination to use them. So far this determination has not appeared. On the other hand, Musaddiq appears to retain control of the chain of command." The report concluded that situation had offered "the Shah an opportunity which he has not yet seized. His past record does not suggest that he will act."⁶⁶

Reporting of this kind probably provided the basis for Roosevelt's plan. Implicitly, it suggested that significant elements of the population could be mobilized on behalf of the Shah. Explicitly, it stated that the military could be counted on to back a move against the Prime Minister. Kashani's organizational capabilities were important in the likely event that the contest was taken to the streets. Roosevelt, who had taken a number of trips to Iran in the months since the end of the Truman administration, made a personal assessment that enough popular support for the Shah existed to make the plan viable.⁶⁷

A NSC discussion held on March 4 characterized the situation in Iran as dire. Allen Dulles, in briefing the council, said that in his view, Musaddiq would remain

⁶⁶ US CIA/Office of National Estimates, Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency, for the President, March 1, 1953, in *FRUS, 1952-1954: Iran*, pp. 689-690.

in power and continue to attempt to militate against the Shah and Kashani. The probable consequence of recent events would be a dictatorship under the Prime Minister. As long as he was alive, there was little danger, but should he be removed, a power vacuum would result and the Tudeh could easily gain control. Communist control of Iran would deprive "the free world...of the enormous assets represented by Iranian oil production and reserves," and "the Russians would secure these assets and thus henceforth be free of any anxiety about their petroleum situation." Worse still, "Mr. Dulles pointed out, if Iran succumbed to the Communists there was little doubt that in short order the other areas of the Middle East, with some 60% of the world's oil reserves, would fall into Communist control." Allen Dulles' brother, Foster, replied that "for a long time now he had been unable to perceive any serious obstacle to the loss of Iran to the free world if the Soviets were really determined to take it."

Such was the mindset of the senior level in Washington in 1953. Iran now represented a domino in the Middle East. The main topic of conversation at the meeting then turned to "a course of action to gain time in Iran."⁶⁸ To gain time for what? This was less clear, even for some of the participants of the March 4 meeting. The administration did not commit itself to operation AJAX until June 25, but plans had been in the works since February. Secretary of State Dulles admitted that Musaddiq could remain in power as long as "another year or two." But time was a factor, for as noted by General Hoyt Vandenberg, representing the Joint Chiefs of

⁶⁷ Roosevelt, *Countercoup*, pp. 11-12.

⁶⁸ US National Security Council (NSC), Top Secret Memorandum of Discussion at the 135th Meeting of the National Security Council, Washington, March 4, 1953 in *FRUS, 1952-1954: Iran*, pp. 692-693.

The following exchange provides an interesting insight into high level Cold War deliberations: "Apropos of a statement by the President, that he also wished that for a change he could read about mobs in these Middle Eastern states rioting and waving American flags, Mr. [presumably C.D.] Jackson said that if the President wanted the mobs he was sure he could produce them," p. 699.

Staff, Musaddiq was replacing ranking members of the military. Hence, "there was now a more serious question as to the loyalty of the Iranian military to the Shah."⁶⁹

The March 4 meeting is significant in two ways. First, though the idea of a coup to oust Musaddiq is not discussed - Eisenhower did not share plans for operation AJAX with the NSC as a whole - the mood is decidedly against Musaddiq. Shortly after the US presidential election, the Prime Minister once again appealed for American aid and raised the specter of a Communist victory, this time to the President-elect. Such exhortations probably had the reverse affect from that which was intended, reinforcing attitudes in the new administration that a change was in order. Thus Ike flatly denied the request for aid and set into motion a series of events that would eventually unseat the Prime Minister. Secondly, the record of the NSC meeting shows a closing of ranks with the British. The possibilities of establishing a policy independent of the British or even buying outright the AIOC interests in Iran were discussed. But American priorities were clear: "the trouble with such a course of action as this was whether we should not lose more by going it alone," offered Foster Dulles, "in the face of British opposition in many other areas of the world, than we should gain in Iran itself." Later the President added, "it was certainly possible...for the United States to do what it thought necessary to do in Iran, but we certainly don't want a break with the British."⁷⁰

The timing of the March 4 meeting is also significant. British Prime Minister Anthony Eden was scheduled to meet with the President in Washington the following day. The agenda for the talks included the Anglo-American approaches to both Egypt

⁶⁹ US NSC, Memorandum of Discussion at the 135th Meeting of the National Security Council, pp. 695, 697.

⁷⁰ US NSC, Memorandum of Discussion at the 135th Meeting of the National Security Council, pp. 694-695.

and Iran. According to Eden, the two governments were “seeing eye-to-eye regarding the problems of the area.”⁷¹ However, Eden may have been overestimating American support for the British position, which Ike believed to be deteriorating, at least insofar as the issue of Egypt was concerned.⁷² On the issue of Iran, the Americans attempted unsuccessfully to pressure the British to reach a compromise with Musaddiq. Yet, American efforts on this front were probably less than wholehearted. As seen above, momentum within the Eisenhower administration had clearly begun to shift against Musaddiq. Moreover, as Victor Rothwell argues, the Americans were apt to give in to British persistence on Iran because they believed their long-term interests to lie with the British regardless of what happened in Iran.⁷³ Thus the combination of the March 4 NSC meeting and the March 5 Eisenhower-Eden talks signaled an Anglo-American common front on the issue of Iran and Musaddiq.

The reason the United States wished to buy time may have been given two days later by Ambassador Henderson in a cable from Tehran:

Arrests or removal from key positions of officers [in the] armed forces considered as more loyal to [the] Shah than [the] Prime Minister are sharpening dissatisfaction in military circles with [the] course of events and at [the] same time rendering it progressively more difficult for this dissatisfaction to be expressed through direct action...[the] tendency of most educated Iranians to prefer talk to action combined with [the] incapacity [to] organize causes us to have considerable doubt [about the] ability [of] groups loyal to [the] Shah [to] stage a successful coup at this time.⁷⁴

⁷¹ Eden to the Foreign Office, March 6, 1953, cited in David Dutton's, *Anthony Eden: A Life and Reputation*, (London: Arnold, 1997), p. 360.

⁷² Dutton, *Anthony Eden: A Life and Reputation*, p. 360.

⁷³ Victor Rothwell, *Anthony Eden: A Political Biography, 1931-1957* (Manchester: Manchester University Press, 1992), pp. 124-125.

⁷⁴ US DOS/Embassy in Tehran, The Ambassador in Iran (Henderson) to the Department of State, March 6, 1953, in *FRUS, 1952-1954: Iran*, p. 701. This cable was also sent the US Embassy in London. Henderson added, “difficult for us to believe [the] Shah would have [the] courage or resolution to take part in [a] movement to effect either by force or peacefully [the] downfall [of the] Musaddiq government.”

Musaddiq's purge of the military was significant. He fired 136 officers, (including 15 generals), transferred 15,000 men from the army to the gendarmerie, and placed loyal officers in top positions. He cut the military budget by 15 percent and announced that in the future Iran would purchase only defensive weaponry. Such moves, though designed to minimize the threat posed by the military, effectively alienated much of the officer corps from the civilian administration.⁷⁵

Musaddiq's position deteriorated during June and July. Demonstrations between the various factions and the Tudeh party occurred regularly and there were continual disputes within the Majlis which was on the verge of paralysis. On July 1, Abdullah Moazami, a Musaddiq supporter, replaced the now hostile Kashani as speaker. Further attacks by the opposition, however, elicited the resignation *en masse* of a group of pro-Musaddiq deputies. Late in the month a group of anti-Musaddiq deputies took refuge in the Majlis. The Prime Minister responded by dissolving the body and calling for new elections. In early August, Musaddiq was forced to hold a referendum on his administration which was heavily rigged. The resultant outcry by those opposed to Musaddiq further increased the air of instability.

Final State Department approval for operation AJAX came at a meeting in the Secretary of State's office on June 25, 1953. Those present at the meeting included the Dulles brothers; General Walter Bedell Smith, Under Secretary of State and former DCI; H. Freeman Mathews, Smith's deputy, Robert Richardson Bowie, director of policy planning at State; Henry Byroade, head of Near East, Africa, and South Asia at State; Robert Murphy, Deputy Under Secretary of State for Political Affairs; Charles Wilson, Defense Secretary, and Ambassador Loy Henderson. Roosevelt outlined the plan for the operation, its costs, and its reliance on five main

⁷⁵ Abrahamian, *Iran Between Two Revolutions*, pp. 373-375.

Iranian agents. These consisted of two sets of brothers; the first, Seyfollah, Asadollah, and Qodratollah Rashidian, had been handed off by the British, the second were assets of the CIA known as Nerren and Cilley.⁷⁶

All of the men with responsibility for approving the covert intervention in Iran were preoccupied with the Soviet threat. Henderson, the Dulleses and Frank Wisner, not present at the meeting but involved in AJAX's conception, were lawyers who, in the words of James Bill, "maintained the lawyer mentality of addressing problems on a case-by-case basis and not seriously considering the long-term ramifications of solutions to immediate crises."⁷⁷ Smith, Wisner, Roosevelt, and Allen Dulles maintained a strong commitment to the use of covert action and remained important proponents of the operation. Henderson, and other State Department officials present, were less comfortable with the idea of covert intervention but did not object.⁷⁸ For reasons of security, lower level officials were left in the dark about the plan. The two Iran analysts at CIA were informed of the operation only after it was underway. They predicted imminent failure.⁷⁹

The representatives for the State and Defense Departments and the CIA were present, thus ensuring, at least nominally, that the correct reporting and consultation procedures were in place. It is not known whether any member of Congress was informed, but this was a time when Congress, of its own volition, took decidedly less interest in the Agency's activities. Furthermore, according to Roosevelt's account, no

⁷⁶ Details of the meeting are taken from Roosevelt, *Countercoup*, chapter 1. According to Roosevelt, upon reading the 22 page plan for the operation, John Foster Dulles remarked "so this is how we get rid of that madman Musaddiq." Like so many aspects of Operation AJAX/BOOT, the accounts of British and American agents are confused and ambiguous. It seemed that Roosevelt may have confused his agents, describing the Rashidians, whom he called the Boscoe brothers, as American assets when in fact they were British. See Richard Cottam, *Iranian Studies*, 14, 3-4 (Summer-Autumn 1981), pp. 269-272

⁷⁷ Bill, *The Eagle And The Lion*, p. 87-89.

⁷⁸ Roosevelt, *Countercoup*, chapter 1.

⁷⁹ Bill, *The Eagle And The Lion*, p. 87.

discussion was given to the long-term implications of the project. It was very much the brainchild of the Dulleses. The operation could be justified, despite arguments to the contrary, in terms then applied to covert action; the "support of indigenous and anti-Communist elements in threatened countries of the free world."⁸⁰ Yet AJAX represents a kind of institutional expediency. If they had been sought, countervailing opinions as to the wisdom and need of the operation could easily have been found among lower level Iran specialists within the government. Thus a dangerous precedent for the future was being established.

Lest it be said that the Agency performed an essentially reactionary role, thus impugning its own "liberal" credentials by replacing an essentially progressive, left-of-center nationalist with a rightist dictator, the CIA could respond in kind. The popular press of the day had little love of Musaddiq, whose politics and personal eccentricities were viewed with a combination of incredulity and distaste. The *New York Times* accused the Iranian leader of "trying to take his country further along the road to ruin," and compared his demand for special powers with the tactics of Hitler.⁸¹ Fond of depicting the Prime Minister's habit of dressing in pajamas and his weeping spells, the paper declared that he was responsible for the growth of Communism in Iran, had weakened the country's legitimate institutions, and cooperated with the Tudeh. By contrast, the Shah was "a moderating influence in the wild fanaticism exhibited by the nationalists under Musaddiq, and he was socially progressive." There were only two choices in Iran, asserted the paper; the Shah or Communism.⁸²

⁸⁰ Quoted in Gaddis, *Strategies of Containment*, p. 158.

⁸¹ The *New York Times*, July 15, 1952.

⁸² The *New York Times*, August 21, 1953. The paper's obituary of Musaddiq stated that he "held cabinet meetings while propped up in bed by three pillows and nourished by transfusions of American

The Anglo-American Covert Intervention in Iran

Given the lack of official documentation on the events of August 1953, specifics concerning the operation will remain speculative. Nevertheless, the efforts of scholars over recent years to uncover the details of the operation have yielded some results. Enough has been written about the operation to make another long retelling of it redundant. Accordingly, what follows is an abbreviated version.

Between May and July 1953, several unsuccessful attempts were made to meet with the Shah and gain his complicity in the operation. Finally, during the week of August 1, Roosevelt met personally with the Shah several times in secret at the royal palace. The pace of demonstrations against Musaddiq apparently quickened during this period and the Shah agreed to take an active role in the Prime Minister's ouster. Additionally, US intelligence, according to Barry Rubin, claimed to have received word that the Soviets were planning to eliminate the Shah and keep Musaddiq as a figurehead. This fear was reinforced when Anatol Laurentiev, who oversaw the 1948 Communist victory in Czechoslovakia, became the new Soviet ambassador in Tehran.⁸³ On June 29, less than a week after final approval for Operation AJAX had been given, Eisenhower bluntly refused both to grant further aid to the Iranian government or to buy Iranian oil.

Roosevelt had a five-man team which included a para-military specialist with experience in Korea, a personal assistant, and two officers attached to the Embassy. Accounts of the budget for the operation vary widely. According to Roosevelt, he had access \$1 million, a massive amount of currency considering the largest banknote at

blood plasma. He favored pink pajamas, occasionally covered by a fawn-colored jacket..." Quoted in Bill, *The Eagle And The Lion*, p. 55.

the time was only 500 rials-about \$7.50. The Shah left for a Caspian Sea resort, leaving unsigned the two decrees (*firman*s) dismissing Musaddiq and appointing his successor. A further delay ensued as the decrees were transported to the Shah for his signature and then returned. This having been accomplished, Roosevelt took refuge at the house of a friend in the capital and waited for the operation to unfold.⁸⁴ Very little went as planned for the conspirators thereafter.

An Iranian Army officer betrayed the plan to Musaddiq.⁸⁵ When the man charged with delivering the decrees, Colonel Nimatullah Nassiri, head of the imperial guard, arrived at Musaddiq's residence on August 15, he was immediately arrested.⁸⁶ Musaddiq declared the effort to be a coup attempt and began rounding up opposition members. A price was placed on the head of General Zahedi, who was in hiding at one of his family's rural estates. Without informing Roosevelt or his team, the Shah and a small entourage fled to Rome via Baghdad.

The arrest of Nassiri had been a disaster for the plotters. Plans were made for Roosevelt's team and Zahedi to leave Iran in the US military attaché's plane. Zahedi was moved to a CIA safe house where he awaited further developments. In Washington, the preliminary assessment was that all had been lost. Wisner and Allan Dulles assumed that the operation had failed and ordered Roosevelt out of Tehran "at

⁸³ Rubin, *Paved With Good Intentions*, p. 79.

⁸⁴ Information on the coup in the following paragraphs has been taken from Roosevelt, *Countercoup*, unless otherwise specified. This source must be used with care, however. The work is filled with a number of errors and omissions. It is, nevertheless, useful in its general thrust and goes a long way in contributing to a picture of the mindset and attitudes of those activists in favor of covert intervention in Iran. The flaws in *Countercoup* are enumerated by Richard Cottam, *Iranian Studies*, 14, 3-4 (Summer-Autumn 1981), pp. 269-272; Thomas Powers, *The Nation*, April 12, 1980, pp. 437-440. Much of what follows is also based on thorough account of the operation provided by Mark J. Gasiorowski, "The 1953 Coup D'etat In Iran," *International Journal of Middle East Studies* 19 (August 1987), pp. 261-286.

⁸⁵ This is according to Roosevelt. However, it seems apparent that either Soviet intelligence or the Tudeh had learned of the impending operation, as details of the coup plan were reported by Tass on July 15 and in Tudeh newspapers in the first half of August. Gasiorowski, "The 1953 Coup D'Etat in Iran," p. 272.

the earliest moment.” According to the Agency’s own history of the operation, CIA headquarters in Washington “spent a day featured by depression and despair.”⁸⁷ On August 18, Under Secretary of State Smith offered the President his estimation of the situation:

The move failed because of three days of delay and vacillation by the Iranian generals concerned, during which time Musaddiq apparently found out all that was happening. Actually it was a counter-coup, as the Shah acted within his constitutional power in signing the firman replacing Musaddiq. The old boy wouldn’t accept this and arrested the messenger and everybody else involved that he could get his hands on. We now have to take a whole new look at the Iranian situation and probably snuggle up to Musaddiq if we’re going to save anything there. I daresay this means a little added difficulty with the British.⁸⁸

In the meantime, Roosevelt began to improvise. On August 16 his team began to make copies of the royal *firman*s, receipt of which Musaddiq had not publicly acknowledged, to be distributed by Nerren and Cilley. In the meantime two reporters were taken to meet Zahedi, and they subsequently characterized Musaddiq’s actions as a coup attempt. This information appeared in the *New York Times* and other publications. In an effort to drum up support in the military for Zahedi and the Shah, a declaration calling for their support was drawn up and circulated. Supplies were distributed to loyal units by the US military advisory mission. Colonel Teimur Bakhtiar marched on the capital with an armored column, but some other garrison commanders refused to cooperate.

Roosevelt then played the last card left to him. Nerren and Cilley were provided with between \$50,000 and \$100,000 to distribute among the “rent-a-mob” crowds of the south Tehran slums. On August 17, the two agents provided Roosevelt

⁸⁶ Nassiri would later become the head of SAVAK, the Shah’s secret police. He was brutally executed by revolutionary forces after the Shah fled the country in 1979.

⁸⁷ Quoted in Evan Thomas, *The Very Best Men*, p. 109.

⁸⁸ US DOS, Memorandum by the Under Secretary of State (Smith) to the President, August 18, 1953, in *FRUS, 1952-1954: Iran*, p. 748.

with a fake Tudeh demonstration designed to elicit fears of a Communist takeover. Ignorant of this CIA provocation, real Tudeh members joined the mob as it proceeded to attack symbols of the monarchy. These demonstrations carried over to August 18, when Ambassador Henderson demanded that Musaddiq call the police from their barracks to quell the riots. This the Prime Minister did. Unbeknownst to him, that decision probably helped to seal his fate.

Having been confronted by police, the Tudeh retaliated against the Prime Minister by ordering its cadres to desist, thus robbing Musaddiq of his support in the streets. On Wednesday, pro-Zahedi crowds appeared. These mobs too had been produced with the help of \$10,000 which had been passed to an intermediary by Kashani. Just as the Tudeh were clearing the streets, Kashani's anti-Musaddiq groups, combined with crowds organized independently by the Rashidians and Nerren and Cilley, began to march on central Tehran. These crowds went relatively unchallenged by the police who had, by this time, defected to the Zahedi camp. By August 19, events had turned decidedly against Musaddiq. After a prolonged battle at his residence, Musaddiq escaped over a garden wall only to turn himself in to Zahedi forces the following day. After a trial in which he blamed the British and intrigues within the military for the coup, Musaddiq spent the rest of his life under house arrest.

The Intervention Analyzed

The 1953 Anglo-American intervention in Iran has a number of complex and entangled consequences for the history of the CIA, Iran, and US-Iranian relations. Debate still lingers as to the degree to which the CIA actually influenced events, the motives behind operation AJAX, and the consequences of that action. Given the permanent lack of official documentation, such debate will undoubtedly continue.

The intervention itself has been an open secret for decades. The first public account of the CIA's role came in the form of an article in the *Saturday Evening Post* by Richard and Gladys Harkness entitled "The Mysterious Doings of the CIA." Though the account is factually incorrect, its vision of CIA organized and nurtured "freedom legions" standing ready to "take personal risks for their own liberty," and in doing so, "give Iran a pro-Western regime," was a powerful example of CIA self-promotion for Americans and Iranians alike.⁸⁹ Indeed, both James Bill and Richard Cottam assert that the article was read widely and with profound impact in Iran.⁹⁰ Though it is commonly forgotten that a significant number of Iranians, depending on their political stripes, tacitly approved of Musaddiq's overthrow, the events of 1979 stand as testimony to the mass indignation. In taking the US Embassy in Tehran after the fall of the Shah, Iranians were demonstrating their determination not to let history repeat itself.

Musaddiq could not have been overthrown unless substantial segments of Iranian society had turned against his stewardship. The religious community had long been suspicious of Musaddiq's secular bent and his association with the Communists. When this influential group abandoned the Prime Minister, it took with it a large percentage of the traditional lower and middle class. Thus, while some of the demonstrations during the events of August were bankrolled by the CIA, they were also supplemented by genuine anti-Musaddiq crowds. As one Iranian observer remarks, "the plotters were in fact, pushing an open door."⁹¹

⁸⁹ Richard and Gladys Harkness, "The Mysterious Doings of the CIA," *The Saturday Evening Post*, November 6, 1954, pp. 66-68.

⁹⁰ Cottam, *Nationalism in Iran*, p. 229; Bill, *The Eagle and the Lion*, pp. 86-87.

⁹¹ Amir Taheri, *Nest Of Spies: America's Journey To Disaster In Iran* (New York: Pantheon Books, 1988), p. 36.

Of course, without this Anglo-American push it is difficult to say how long Musaddiq would have remained in power. True, he had lost considerable support over the course of his administration. But as the Gasiorowski argues, his position was not as tenuous as generally supposed. Musaddiq retained significant support in the military, the Iran party and other nationalist organizations as well as among the urban lower and middle classes in general. Stimulative fiscal policies had produced a modest economic recovery by the end of 1952. As of the summer of 1953, none of his political opponents, including Kashani, the Shah, and the Tudeh party, were in a position to oust Musaddiq without considerable foreign assistance.⁹² Thus, in the absence of a strong challenge, Musaddiq was likely to remain in power for some time. Certainly this was the view of CIA and INR Iran analysts who viewed the Tudeh and other domestic opponents as too weak to organize a viable challenge to Musaddiq in 1953.

The Communist threat to Iran was actually more remote than American analysts and policy makers understood. Recently released documents from Russian archives show that Russian intelligence sources knew about the impending coup to unseat Musaddiq. In October 1952, the Soviet Committee of Information (KI) reported that the United States was undertaking preparations to overthrow Musaddiq, and identified Zahedi as the probable replacement. The Soviet leadership, however, viewing events through its own distorted ideological perspective, failed to act on this information. Josef Stalin rebuffed Musaddiq's request for economic assistance and instructed his ambassador in Tehran to treat the Prime Minister as an agent of influence of the United States and possibly Great Britain.

⁹² Gasiorowski, *US Policy and the Shah*, pp. 80-81.

In the uncertain environment of the post-Stalin Kremlin, Soviet intelligence analysts modified their views of Musaddiq. In May 1953 analysts characterized Musaddiq as determined "to smash the national liberation movement and suppress opposition elements around the Shah in order to create conditions for further collusion with American monopolies." Soviet foreign minister Vyacheslav Molotov stood by this analysis and dismissed any idea of an American plot to get rid of Musaddiq. The Americans, he lectured his ambassador in Iran, were using Musaddiq to expel British interests in Iran and reduce competition for the US oil monopolies.⁹³

It seems, then, that Soviet policy makers understood the nature and character of Iranian nationalism little better than their American counterparts. There was no interest in interceding on behalf of Musaddiq or warning him about operation AJAX. Soviet intelligence analyses showed little sign of concern after the coup, reporting that public discontent in Iran would grow in the face of the dictatorial regime and the military-supported monarchy. Only in November 1953 did Soviet intelligence analysts report that Soviet influence in Iran would be circumscribed for years to come as a result of the new US-Iranian alliance.⁹⁴

Given what appeared to be a widespread and accurate assessment that there was no immediate Communist danger in Iran, why did the United States decide to cooperate with the British in the covert intervention? The existence of vast Iranian petroleum reserves offers a tempting explanation. Certainly oil provided a powerful motivation in terms of denying Soviet access. Some analysts have pointed out, however, that the Dulles brothers had been members of the Wall Street Law firm of Sullivan and Cromwell, whose list of petroleum company clients included the AIOC

⁹³ Vladislav Zubok, "Soviet Intelligence and the Cold War: The 'Small' Committee of Information, 1950-1953," *Diplomatic History*, volume 19, 3 (Summer 1995), pp. 466-467.

and Standard Oil Co. of New Jersey (which would eventually become a member of the oil consortium that replaced the AIOC).⁹⁵ Another line of argument, similar to Soviet intelligence analyses, asserts that the coup was designed in order to advance the interest of American oil companies in an area that was hitherto a British monopoly.⁹⁶ It is noted, after all, that the new Iranian government gave US companies a 40 percent share of Iran's oil production in the agreement hammered out after the coup. In this regard the British had always been suspicious of American intentions, despite being dependent upon US support for any action in Iran. In fact, the British speculated at one time that the US was secretly funding Musaddiq and Kashani.⁹⁷ Truman's sympathy for Musaddiq did little to allay the fears of Whitehall and the AIOC that the US was using the nationalist movement to supplant British oil interests with those of American companies. When Harriman and other mediators suggested that the British position in Iran would be fundamentally changed no matter what happened, British suspicions seemed confirmed.

Such theories are not, however, supported by the evidence. As argued above, denying Soviet access to Persian oil and warm water ports was undoubtedly a major concern of the administration. American views were defined through the prism of Cold War considerations. As far as the American majors were concerned, operation in Iran was fraught with practical and potential problems. Nationalism as a political force did not die with the Musaddiq government. Who knew how long the new order would last? Furthermore, American concessions in Saudi Arabia and Kuwait had

⁹⁴ Vladislav Zubok, "Soviet Intelligence and the Cold War," p. 468.

⁹⁵ William Blum, *The CIA: A Forgotten History: US Global Intervention Since World War 2* (London: Zed Books, 1986), pp. 74-75.

⁹⁶ Bahman Nirumand, *Iran: The New Imperialism in Action* (New York: Monthly Review Press, 1969), p. 5.

⁹⁷ Wm. Roger Louis, *The British Empire in the Middle East: 1945-1951* (Oxford: Clarendon Press, 1984) p. 685.

increased production to make up for the Iranian embargo. Cutting production to make room for Iranian oil now would lessen the revenues of these countries and possibly irritate the host countries. To make matters worse, a world-wide petroleum glut existed at this time. According to Daniel Yergin, American majors did not want to invest in Iran for oil they did not need.⁹⁸

So considerable pressure from Washington was brought to bear to bring the majors into Iran. The State Department insisted that without the companies, Iranian oil could not be sold. Without selling oil, Iran could not resist the Communists. If the Communists gained control of Iran, other oil-producing countries in the region might soon suffer the same fate and the companies, along with the Western world, would find themselves considerably out of luck.⁹⁹ Of course, it was not unnatural that American interests should, to a certain extent, supplant those of the British. After all, the US had taken the risks and fronted the necessary funds; the US had paid for a share of the action, even if it had done so for other reasons. The price had been around \$100,000 out of a CIA safe.

Operation AJAX went down in Agency mythology as a great success. The extent to which it provided a model for future operations cannot be known. According to Richard Helms, AJAX did set an important example for future CIA covert operations.¹⁰⁰ According to Roosevelt, his superiors at the State Department and the White House were thrilled with the low-cost deliverance. Indeed Kim felt the need to caution Foster Dulles, who it seems was “purring like a giant cat” upon being briefed. The success of operation AJAX, intoned Kim, was a product of the correct

⁹⁸ Yergin, *The Prize*, p. 471.

⁹⁹ Yergin, *The Prize*, p. 471.

¹⁰⁰ Author's interview with Richard Helms, Washington DC, April 1, 1994.

assessment of the sympathies of the people and the military.¹⁰¹ In other words, it was based on good political intelligence. In the words of Ray Cline, the Iran operation “did not prove that the CIA could topple governments and place rulers in power; it was a unique case of supplying just the right bit of marginal assistance in the right way at the right time.”¹⁰²

The degree to which Roosevelt based his plan on sound political intelligence can be debated. In retrospect, it appears that Roosevelt and others in the Eisenhower administration focused on those aspects of political reporting which illustrated Musaddiq’s vulnerability. Yet Kim and his superiors also demonstrated a proclivity to disregard information which was arguably more important, namely that the social and political forces that brought Musaddiq to power were powerful and lasting. In the forces represented by Musaddiq were the seeds for a viable long-term stability in Iran characterized by liberal nationalism. In choosing the royal alternative in Iran, America was aligning itself with the traditional ruling elite at a time when most indicators showed dynamic social and political change in a direction away from this elite. Thus operation AJAX can be characterized as a short-term solution to the problem of instability in Iran. But it was a solution that addressed only the symptoms of the problem rather than the cause. Indeed, AJAX may have reinforced the sources of long-term instability in Iran.

At least one scholar shares the above analysis of AJAX. According to Richard Cottam, America’s participation in the coup was a short-term solution to deeper problems. Yet Cottam sees US participation as an indication of “a failure to take the

¹⁰¹ Roosevelt, *Countercoup*, pp. 209-210.

¹⁰² Ray S. Cline, *Secrets, Spies, And Scholars: The Essential CIA* (Washington DC: Acropolis Books LTD., 1978, pp. 132-133. Cline, then stationed in London, maintains that Musaddiq was supported by the Tudeh party and the Soviet Union.

most basic step in the foreign policy decision-making process: the preparation of a careful and objective estimate of the situation.”¹⁰³ It is the argument of this study that such an estimate was in fact undertaken, though the end result was not a logical outcome of this analysis.

What motivated the United States to participate in the overthrow of Musaddiq? The evidence suggests that Eisenhower and John Foster Dulles were determined to support the British position on Iran. Musaddiq’s nationalist cause could never have hoped to compete with the priority of maintaining solidarity in the Anglo-American alliance.

It is pertinent here to ask why the Eisenhower administration was willing to support British policy in Iran in 1953, but failed to do so in the Suez in 1956. In both instances, the Anglo-American compact was confronted with a popular nationalist leader who threatened Western interests, both strategic and economic. According to Robert R. Bowie, US Embassy officials in Cairo saw Nasser as firmly in power, widely supported by moderate Arab nationalists, and determined to remain independent of Soviet or other foreign influence.¹⁰⁴ In both instances, the threat of Communism was implicit. Just as it had done in Iran, British intelligence employed the fear of Communism in Egypt, asserting that Nasser should be viewed as an instrument of the Soviet Union. This was an analysis of Nasser shared neither by the CIA nor the Eisenhower administration.¹⁰⁵ Eisenhower responded negatively to British pleas for assistance in overthrowing Nasser. British thinking was “out of date” and Nasser represented “the emotional demands of people of the area for

¹⁰³ Cottam, *Nationalism in Iran*, p. 318.

¹⁰⁴ Robert R. Bowie, “Eisenhower, Dulles, and the Suez Crisis,” in WM. Roger Louis and Roger Owen eds. *Suez 1956: The Crisis and its Consequences* (Oxford: Clarendon Press, 1989), p. 198.

¹⁰⁵ Keith Kyle, *Suez* (New York: St. Martin’s Press, 1991), pp. 101-103.

independence.” US foreign policy sought to “assure the efficient and reliable operation of the canal, not the discrediting or unseating of Nasser.” Both Ike and Dulles wished to distance themselves from the taint of colonialism. US policy also held that nationalization of the canal was within Egypt’s sovereign rights. Thus the use of force could not be justified, legally or morally, as long as the canal was operated efficiently.¹⁰⁶

It appears that Anglo-American solidarity had well defined limits and can be offered only as a partial explanation for American complicity in Iran. American support for the British was good only to the point that it coincided with American interest and only inasmuch as the methods suited the administration. The historian Diane B. Kunz asserts that Eisenhower saw a qualitative distinction between covert operations and military intervention. When the factors of oil and anti-Communism were involved, this distinction became more pronounced.¹⁰⁷ Yet when Dulles informed Eisenhower in October 1956 that the British had plans to overthrow Nasser, the President responded that “we should have nothing to do with any project for a covert operation against Nasser personally.”¹⁰⁸

The above examination demonstrates that in two analogous situations, the Eisenhower administration acted in different ways. Proximity and perception may offer additional explanations. Ike and his Secretary of State placed great importance on the countries of the northern tier, Turkey, Iran, Iraq, and Pakistan, in the containment of the Soviet Union. Iran, unlike Egypt, held vast quantities of oil and shared a long common border with the USSR. Additionally, Eisenhower perceived

¹⁰⁶ Bowie, “Eisenhower, Dulles, and the Suez Crisis,” pp. 198-200.

¹⁰⁷ Diane B. Kunz, *The Economic Diplomacy of the Suez Crisis* (Chapel Hill: The University of North Carolina Press, 1991), pp. 32-33.

¹⁰⁸ Quoted in Kyle, *Suez*, p. 278.

Nasser to be far more resilient *vis-à-vis* the Communist threat than Musaddiq. Yet such a perception may not have been justified by the intelligence available to the President. What this intelligence did demonstrate was that an operation to unseat Musaddiq was, in theory, possible. As the historian Stephen E. Ambrose notes, where Ike thought it to be “prudent and possible,” he was ready to act.¹⁰⁹ A close examination of US intelligence regarding Iran prior to and following the events of August 1953 demonstrates that the operation to unseat Musaddiq may have been more possible than prudent.

The Royal Alternative: Political Intelligence on Iran: 1954-1959

The restoration of the Shah to a position of power changed the nature of the problems of stability in Iran instead of solving them. Over the next few years, the new regime would take steps to eradicate the principal threat to Iran which had worried Washington, the Communists. But American policy makers failed to comprehend that the Shah, having triumphed over a popular nationalist movement with the help of foreign powers, suffered from the outset from a crisis of legitimacy. Both the Shah and the US pursued policies that did little to endear the new regime to its people and to broaden its base of support. The United States sought a quick resolution to the oil crisis which would eventually prove unpalatable to Iranian nationalists. The Shah sought to consolidate his position by bolstering the internal security apparatus and resisting reform.

From 1954 until the end of the decade, US intelligence analysts reported on the state of stability in Iran with increasing alarm, a fact that sheds light on the

¹⁰⁹ Stephan E. Ambrose, *Eisenhower: Volume Two: The President* (New York: Simon and Schuster, 1984) p. 130.

wisdom of operation AJAX. By the end of the Eisenhower administration, intelligence analysts anticipated that a coup against the Shah could take place at any time.

In the aftermath of the 1953 coup in Iran, the United States had one priority of overriding importance for that country: to get the oil flowing. "In the long run," asserted a CIA analysis, "satisfactory solution of the oil problem is a prerequisite for continuing stability in Iran." Until critical oil revenues were restored, Iran would be dependent on the United States not only for development outlays but even for "a substantial portion of regular government operating expenses." From August 1953 to the end of 1956 Washington gave Iran \$400 million in economic and military aid. Initially, however, the aid was dispersed in small amounts, clearly designed as leverage on Tehran to reach an expeditious oil settlement. Ike had no intention of bankrolling the Shah indefinitely. Aware that the new order in Iran had not replaced the perennial problems of economic underdevelopment and political legitimacy, the administration sought to minimize its commitment. The US would safeguard Iran from all-out Soviet attack, but Iran would have to pay its own way eventually.

Failure to reach an early settlement, according to the CIA, would be disastrous. Popular expectations for a favorable settlement in Iran were very high. A "prolonged delay in achieving an oil settlement would probably lead to a gradual but progressive narrowing of the government's freedom of action in dealing with the oil question." The longer the Shah's government went without concluding a deal, the more the power of the radicals in the opposition grew.¹¹⁰ A long delay would be bad, an unfavorable settlement would be worse. Policy makers in Washington agreed that

a quick settlement to the dispute was needed to get Iran back on its feet. Surprisingly, despite the last three years on nationalist fervor, Washington argued for an agreement that was in the long run profitable for Iran but, nevertheless, ran counter to the nationalist feelings in that country. The 1954 oil agreement, with its continuation of foreign (especially British) interests, remained unpopular in Iran for years. In lobbying for a quick agreement, the United States may have damaged the chances for meaningful political reform in Iran. Elwell-Sutton notes that the Shah and Zahedi were well aware that the agreement would meet with nationwide indignation. Its passage before the Iranian cabinet was preceded by an extensive round of arrests of "subversives," further strengthening the Shah's hand.¹¹¹

This was a matter of obvious consequence for Washington, which did not wish to see its hard work wasted. After all, Iran was still an unstable country. The National Intelligence Estimate for Iran for 1954 predicted, incorrectly, that Zahedi would probably not stay in power through the year. Though moderate governments were likely to retain power in the course of the year, they would be hampered by the "indecision of the Shah," and "the irresponsibility of the diverse elements making up the Iranian political community." The report concluded that "few significant steps toward the solution of Iran's basic social, economic, and political problems are likely to be taken during the period of this estimate."¹¹² According to an NSC analysis of the internal security situation in Iran, "the basic threat to internal security in Iran derives from national frustrations which in turn stem from social and economic

¹¹⁰ US CIA/Board Of National Estimates, Memorandum for the Executive Secretary, The National Security Council, "Probable Consequences In Iran Of Failure To Achieve An Early Oil Settlement," March 29, 1954. In DDRS, 1985.

¹¹¹ Elwell-Sutton, *Persian Oil*, pp. 325-326.

¹¹² US CIA, NIE, "Probable Developments In Iran Through 1954," November 16, 1953, in *FRUS, 1952-1954: Iran*, p. 837. Zahedi remained in power until April 1955 when he was removed by the Shah.

inequities, official corruption, ineptitude and lack of leadership.” Although the government had moved harshly against the Tudeh in the months after the restoration of the Shah, as of December 1955 Washington was viewing the Communists as “the only disciplined political group” in the country.¹¹³

This continued concern about the breadth of Tudeh influence may have been justified. The CIA had been able to maintain at least a low-level penetration of the party during the first half of the decade. After the coup, the Shah arrested and imprisoned, executed or exiled most of the Tudeh’s leading figures. Then, in the summer of 1954, the Tudeh suffered another severe blow when the government captured a party member with an agent list. Marked by internal indecision and ideological disputes, the Tudeh had, in fact, been less potent a force than many had suspected. However, the captured list contained the names of over 600 party members in the Iranian military. Though the infiltration was at a level few suspected, this capture and the subsequent arrests allowed Iranian authorities to eradicate most of, if not all, the Tudeh covert networks in Iran.¹¹⁴

From 1954 until the end of the decade, Washington had to contend with a region which was becoming increasingly unstable. Nasser’s rise to lead the cause of Arab nationalism was setting the region on fire. Both Syria and Egypt had aligned themselves with Moscow. And the Arab-Israeli conflict always offered the potential for crisis. All of this meant that Washington placed even greater importance on Iran’s well-being. But the Shah was reacting to these events as well. He was worried about the rise of radical Arab nationalism and its challenge to the traditional courts of the

¹¹³ US NSC, Operations Coordinating Board, Top Secret “Analysis Of Internal Security Situation In Iran And Recommended Action,” December 14, 1955, in DDRS, 1988, p. 1.

¹¹⁴ Author’s interview with a CIA officer stationed in Tehran during this period, Pittsburgh, Pa., July 26, 1993. See also, Bill, *The Eagle and the Lion*, p. 100.

region. He continually confronted Washington with requests for weapons and military aid. When, in 1958, the Hashemite royal family in Iraq, a neighbor and fellow Baghdad Pact member, were massacred in a military coup, his concerns heightened.

Still, Washington viewed Iran as too fragile to carry the burden of a large military or an activist foreign policy. In their view, there was no possibility that Iran's military would ever be capable of challenging a Soviet invasion. Iran needed a small and efficient military that was capable of fulfilling internal security functions. Moreover, Washington saw internal dissension as the real threat to Iran and the best guarantor against that threat was political and economic reform. The government of Iran's "ability to govern effectively," reported the CIA in 1957, "for a period beyond the next two years or so will depend greatly upon the extent to which current plans for economic development are carried out and the progress made in social and political reforms."¹¹⁵ Of course, as the historian Rouhollah Ramazani notes, the Shah's foreign policy decisions often served both external and domestic purposes. A fact rarely noted by US intelligence analysts despite its obvious nature, was that a larger army allowed for defense from abroad but also the consolidation and strengthening of control at home.¹¹⁶

"Internally," according to the 1957 NIE, "the government has made little progress in coping with the fundamental causes of discontent that gave strength to the ultranationalists and Communists in the Musaddiq era." The Shah had done little to overcome the "lethargy" and "corruption" in government machinery and his own maneuvers had "added to the debilitating atmosphere of intrigue and factionalism

¹¹⁵ US CIA, Secret NIE 34-57, "The Outlook For Iran," January 23, 1957, in *FRUS*, 1955-1957: Near East Region; Iran; Iraq, Vol. XII: 875.

among responsible officials.” The estimate concluded that “largely as a result of these factors, the regime has been unsuccessful in developing a solid basis of popular support and in fact has actually lost ground in this regard since the events of 1953.” The government had become the object of “criticism by all classes of the Iranian public because of its suppression of civil liberties, its apparent indifference to popular grievances, and the preoccupation of its leading figures with matters of personal advantage.” Unless progress was made in reform, the government would be forced to rely on the “uninterrupted maintenance of strong police controls.” With the Shah’s assumption of responsibility, such an eventuality would make him the target of opposition movements of an increasingly “revolutionary cast.”¹¹⁷

The weight of historical evidence tends to support these conclusions, for the Shah, from the start of his dictatorial reign in 1953, proved to be far better at consolidating his position *vis-à-vis* his domestic opponents than at creating a viable base of support in Iranian society as a whole. As shall be seen, this was a matter of continual concern for American Iran specialists until the late 1960s. According to one historian of the period, the only solid support for the regime came from the army and the landlords: “the rest of the country, which had seen at least some hope of change under Musaddiq, was thrown into apathetic gloom by this reversion of the old story of one government after another chosen from a small ruling clique.” The Zahedi government “did little to endear itself to popular opinion. Wholesale arrests and periodical executions were the order of the day.”¹¹⁸

By 1958, intelligence analysts at the CIA were pessimistic about the viability of the Shah’s regime. In Washington, the fall of Iraq’s government seemed to elicit a

¹¹⁶ Ramazani, *Iran’s Foreign Policy*, pp. 255-256.

¹¹⁷ US CIA, NIE 34-57, pp. 878-879.

fresh look at the region with alarming results. "There is a basic and widespread dissatisfaction with his [the Shah's] regime," read one analysis, "both in the army and in the urban population generally. If he were to take dramatic and effective steps to reform the corrupt social, political, and economic system, he might be able to maintain his position for some time to come. We believe, however, that his character and situation are such that he is unlikely to take such drastic action." What was the estimated consequence of this situation? The CIA was not sanguine: "we believe the present political situation in Iran is unlikely to last very long. The most probable development is an attempt by certain military elements, possibly in collaboration with civilian elements desiring liberal reforms, to force the Shah back into the role of a constitutional monarch."¹¹⁹

Such was the concern in Washington that the Shah would lose his grip on power that, in a September 18, 1958, meeting of the NSC, the question was formally raised as to whether or not the US should continue to support the Shah and attempt to enhance his prestige as a symbol of national unity in Iran. The State Department's position was that there was no other "rallying point to which the US could look for the moment." While this point met with little opposition, George Allen, a former Ambassador to Iran, added that "in our present policy we are probably living on borrowed time and ultimately there will be a shake-up in Iran"¹²⁰ Clearly, the skepticism demonstrated by the CIA was shared by senior policy makers during this

¹¹⁸ Elwell-Sutton, *Persian Oil*, p. 315.

¹¹⁹ US CIA SNIE 34-58, "Stability Of The Present Regime In Iran," August 26, 1958, in *FRUS*, 1958-1960: Near East Region; Iraq; Iran; Arabian Peninsula, (Washington DC: Government Printing Office, 1993) Vol. XII: 586. The report continues: "the possibility of a coup to overthrow the monarchy cannot be disregarded. On the whole, we think such a coup unlikely in the immediate future, because we believe that the army does not now desire it. But if in the near future there are no substantial reforms of the Iranian political, economic, and social structure, we think that the overthrow of the monarchy is likely."

period and was reflected in Washington's approach toward the Shah. By 1958, even the popular press, which traditionally favored the Shah, had joined the ranks of the doubters. "Iran is in a state of discontent that is dangerous to her internal security and the stability of the Middle East," wrote Sam Pope Brewer in the *New York Times*. The Shah was becoming more dictatorial and "a consequences may be that he drives the non-Communist opposition into the hands of the Soviet Union."¹²¹

Washington continually tried to limit its aid commitments to Iran for these reasons. Increased financial or military aid would be ineffectual without concomitant reform. Indeed, such aid might have been counterproductive. Secretary of State Christian Herter argued that Iran's many economic ills were in part a consequence of the Shah's military preoccupation. A reduction in military and economic aid might be valuable leverage to force the Shah to reevaluate his fiscal priorities.¹²²

The Shah responded to such pressure with the well tested tactic of flirting with the USSR. In 1958, Iran entered into negotiations with the Soviets for a non-aggression pact. Ramazani asserts that this move was "universally assumed in the West" to be a sign of weakening determination to resist the Soviets. The CIA, however, viewed this decision as stemming from "the conviction that the US is unwilling to supply the increased aid and security commitments which he [the Shah] believes necessary," a motive offered by Ramazani as well.¹²³ The Embassy in Tehran concurred with this view, citing the Shah's "rage" at the US for its failure to provide what he believed to be adequate economic and, particularly, military aid.

¹²⁰ US NSC, Memorandum of Discussion at the 379th Meeting of the National Security Council, September 18, 1958, in *FRUS*, 1958-1960: Near East Region; Iraq; Iran; Arabian Peninsula, pp. 591-592.

¹²¹ The *New York Times*, January 2, 1958.

¹²² US DOS, Herter to Eisenhower, December 31, 1959, quoted in Rubin, *Paved With Good Intentions*, p. 102.

¹²³ Ramazani, *Iran's Foreign Policy*, pp. 298-299.

Negotiation with the USSR, according to an Embassy telegram of January 31, 1958, was effectively “blackmail” and a product of “an almost pathological resentment” of Washington’s failure to meet his aid requests.¹²⁴

In the end, the negotiations with the Soviet Union fell through. Shortly thereafter, Iran and the United States signed a bilateral defense treaty. The degree to which this agreement was a product of the Shah’s “blackmail” cannot be known, but its establishment is testimony to two important factors. First, the United States placed great importance on its relationship with Tehran, enough to overlook the Shah’s obvious shortcomings as an ally. But the US was also reacting to changes in the regional security environment, namely the revolution in Iraq. The CIA had held that the conclusion of an Iranian-Soviet non-aggression pact would be seen as “a psychological victory over the West,” and would be heralded as “the death rattle of the Baghdad Pact.” Concluding that the West did not have the room to maneuver in Iraq the way the Americans had in Lebanon or the British had in Jordan, Washington sought to mollify its ally in Tehran.

Interestingly, Washington probably concluded its agreement with Tehran at the expense of the Shah’s domestic position. Civilian reformists in Iran as well as some lower and mid-level military officers of a more neutralist orientation probably resented the Shah’s identification with the West and would have favored a more non-aligned position for the country. Additionally, the breakdown in negotiations with the USSR had precipitated a violent propaganda reaction from Moscow. DCI Dulles

¹²⁴ US CIA, Special National Intelligence Estimate (SNIE) 34-2-59, “Consequences Of A Soviet-Iranian Nonaggression Pact,” February 3, 1959, in *FRUS*, 1958-1960: Near East Region; Iraq; Iran; Arabian Peninsula, pp. 632-633. Details of the Embassy telegram were included as a footnote to the special estimate. In the telegram, the Embassy characterized the Shah’s mind as “complicated and neurotic.”

reported to the NSC in February that the Soviets could “do a lot in terms of raising the level of subversive activity in Iran.”¹²⁵

By the time the US and Iran signed the bilateral defense agreement on March 5, 1959, the Shah’s domestic position had improved little. Nevertheless, “although an internal move against the Shah could take place at any time,” reported the NIE for 1959, “there are important factors militating against such an eventuality. On balance, we believe the chances of the Shah remaining in power during the period of this estimate are somewhat better than even.” The civilian opposition, including the Tudeh, were weak and unorganized. Though there were elements in the military who would move against the Shah given the opportunity, the CIA saw no evidence that such a move was imminent. Essentially, the CIA believed that the Shah remained in power not by virtue of the strength of his support but because of the weakness of his opposition. This kind of thinking would characterize US intelligence reports on Iran well into the next decade.

By the last year of the Eisenhower administration, US intelligence estimates had assumed an almost repetitive tone. The themes were always the same. Iran was in desperate need of reform. Though the Shah continually discussed undertaking such reforms, the intelligence community was pessimistic about the possibility. Nor did the CIA believe that the Shah would move in any fundamental way to share power. The NIE for 1960 reported that “the military and security forces remain at once the main support and the chief potential threat to the present order and the Shah’s own power.” The loyalty of some of the senior officers could not be assured and, according to the estimate, some junior officers had become disillusioned with the

¹²⁵US NSC, Editorial Note, Briefing by DCI Allen Dulles to the 397th Meeting of the National Security Council, February 26, 1959, in *FRUS*, 1958-1960: Near East Region; Iraq; Iran; Arabian Peninsula, p.

regime. Inflation and foreign exchange shortages had debilitated the economy. "In these circumstances," concluded the estimate, "a coup attempt might take place at any time."¹²⁶

How accurate was this intelligence? Obviously not very, considering the Shah was able to maintain his position until 1978. Though the Shah's regime was threatened from time to time, the successful coup so feared by US intelligence analysts and policy makers never took place. Yet CIA and INR analysts who continually warned of a coup also continually revised their estimates, with the caveat that such an eventuality was not likely in the immediate future. Over the long-term, however, the same estimates were not so sanguine. The Shah's regime was based on such a narrow base of support as to make long-term stability unlikely. Moreover, as the Shah consolidated his position, he increasingly focused dissidence upon himself while narrowing his base of support even further. The problem with such estimates from a policy making-standpoint is clear. The very repetitive nature of these estimates, regardless of their accuracy in the long-term, lessens their usefulness. As time passes, such predictions become "noise," easily disregarded as time passes and they do not come to fruition.

During the years immediately following the overthrow of Musaddiq and the restoration of the crown, the Shah was forced to rely almost solely on the Iranian armed forces for his power. In the meantime, the Shah's systematic campaign to overcome domestic opposition had certain political costs. In the words of Marvin Zonis, the Shah's regime gave birth to a population that was "demoralized and depoliticized." Such citizens participated in the life of Iran, but without enthusiasm.

They did not support the regime but understood that they were too weak to challenge it. Yet the regime could not guarantee that these segments of society would always remain dormant. As we shall see, the years between 1960 and 1963 saw a resurgence of these demoralized and depoliticized, despite the growth of the power of the regime. Indeed, from 1954 to 1960 the regime was strengthened in a number of ways. SAVAK, the Iranian internal and external intelligence service, was created with the help of the US and Israeli intelligence services in 1958. The Iranian Senate was convened, thereby strengthening the Shah's control of the legislature. The Armed Forces were also strengthened. All these steps allowed the government to eliminate its opposition, but they did little to broaden the narrow base of support underpinning regime.¹²⁷ Thus by the end of the decade, some reports were placing the life span of the regime at as little as four months.¹²⁸

The poor prognosis made by US intelligence analysts in regard to the viability of the Shah's regime now seems quite valid. Indeed, the ability of such analysis to differentiate between the regime's unquestionable upper hand *vis-à-vis* its domestic opponents and the tenuous nature of its existence denotes a certain sophistication. The historical record, much of it written long after the regime proved itself unstable, supports much of the substance of these conclusions if not their timeliness. The irony, of course, is that, in a way, the US bought and paid for this instability by choosing the royal alternative. A close examination of a decade of intelligence on political stability in Iran yields one undeniable fact. Reports about the stability of the Musaddiq government, critical as they were, never possessed the same tone of

¹²⁶ US CIA, NIE 34-60, "The Outlook For Iran," February 16, 1960, in *FRUS*, 1958-1960: Near East Region; Iraq; Iran; Arabian Peninsula, pp. 664-665.

¹²⁷ Marvin Zonis, *The Political Elite Of Iran* (Princeton: Princeton University Press, 1971), pp. 42-43.

¹²⁸ UC NSC, Editorial Note, Briefing by Robert Armory to the 446th Meeting of the National Security Council, May 31, 1960, in *FRUS*, 1958-1960: Near East Region; Iraq; Iran; Arabian Peninsula, p. 642.

urgency as those about the Shah's regime at the end of the decade. Meanwhile, in choosing the royal alternative over the moderate, secular, nationalists in Iran, the CIA alienated an important group of the Iranian body politic and society who should have been the natural allies of the United States.

Chapter Two

JFK's Iranian Revolution: 1960-1963 The Drive for Reform

In the early 1960s, American intelligence analysts witnessed fluid, rapid change in Iran culminating in the fierce riots of June, 1963. These riots were the product of the growing social malaise produced by poverty, acute political division, and a confused and illusory reform program. Opposition to the Shah's regime, though disorganized and leaderless, was widespread. It included the traditional, anti-British, nationalist groups, the intelligentsia, the urban middle class, and a potentially powerful participant, the clergy. The upheaval of this period, and the coalition of forces that participated in it, foreshadowed in several ways the revolution of 1978. In both instances, secular nationalists and the clergy would cooperate in their opposition to the Shah. Likewise, in both instances, political upheaval occurred during a time in which the United States was encouraging reform from above.

In a number of ways, then, the turmoil of the early 1960s in Iran provided an important precedent for later events. Moreover, US intelligence analysts of the period would bear witness to the genesis of the modern opposition in Iran. Prior to this, however, US intelligence analysts and policy makers focused their attention on the need for reform in an attempt to create long-term stability in Iran. The remarkable consensus about Iran which had developed in the Eisenhower administration would continue to ensure practical, accurate intelligence reporting. This intelligence-policy

consensus would free Iran specialists in the community to develop assumptions about the Shah's regime that were untainted by political considerations.

Political Instability: 1960-1961

The Kennedy administration inherited a troubled Iran. The Eisenhower administration's policy of reinforcing the Shah's regime through military and economic grants had clearly failed to alleviate the internal threats to stability. In the process of consolidating his rule, the Shah's base of support continued to shrink. Long before the end of the Eisenhower administration, concern about the stability of Iran had permeated most levels of the US government. The National Intelligence Estimate (NIE) for Iran in 1959 set the tone for similar intelligence reports throughout the Kennedy term:

We remain pessimistic as to the longer term outlook for the Shah's regime. We believe it unlikely that he will effect such a fundamental reform program as would satisfy rising popular demand and broaden the base of his support sufficiently to insure the stability of his regime; nor is he likely to relinquish personal power to the point where he would be able to divert from himself criticism of the government. In the absence of such developments, a move to restrict his power or oust him entirely will be increasingly likely.¹

Reform, the Estimate argued, was essential if the Shah was going to avoid political upheaval. At stake was the crown itself, and the Estimate cited a litany of problems, including some dissent within the military, which faced the monarchy:

The most important of these [problems] is increasing discontent with the existing social, economic, and political order and with the limited measures which the Shah has taken toward reform. This unrest was manifested in popular support of Musaddiq's radical policies in 1951-

¹ US Central Intelligence Agency (CIA), Secret National Intelligence Estimate (NIE) 34-59: "The Outlook for Iran," March 3, 1959, p. 1. In "The Making of US Policy in Iran: 1977-1980," microfiche collection in the National Security Archives, Washington DC, document 370. Hereafter cited as "Making of US Policy." Security classifications have been provided for documentation where possible. The security classification of some documents has been deleted as part of the declassification process.

1953. It did not end with Musaddiq's ouster. The mass of the peasants remain politically apathetic: their grievances are against landlords and local autocrats rather than against the Shah, to whom they are passively loyal. Discontent with the government, however, touches virtually every other group in the country and constitutes an increasing threat to Iran's stability.

Again establishing a theme for future US intelligence and policy products during the Kennedy administration, the report cited the essential need for the Shah to include elements of the opposition in the political process. "Fundamental" economic, social, and political reforms were needed, though the Central Intelligence Agency (CIA) saw little hope that the Shah would institute these, given the limits on power that such reforms would, by definition, place upon him. While repressive measures had helped to stabilize the political environment in the short-term, the basic sources of discontent remained.²

The report was remarkably prescient in its analysis of the dangers to the Shah's position which would accompany reform. The principal grievance among Iranian peasants centered on the need for land redistribution. However, any move in that direction by the government would surely alienate the conservative segments of Iranian society who, aside from the military, constituted the primary base of support for the Shah. Likewise, more radical reformist groups would probably not cooperate with evolutionary change, seeking instead to take advantage of any situation to oust the Shah. Thus, the Estimate argued, the chances of meaningful reform which might widen the base of support for the monarch were minimal:

By personality and experience he [the Shah] is reluctant to share power with anybody. He recognizes that any extension of participation in the government will reduce his own power and freedom of action....In view of these considerations, we believe it unlikely that the Shah will carry out a reform sweeping enough to win the support of a sufficient

² US CIA, NIE 34-59, p. 2.

number of those presently opposed to his regime to alter basically the internal political situation.³

Despite these long-term concerns, the Agency correctly noted that organized internal opposition in Iran was largely ineffectual. The National Resistance Movement (NRM) was a coalition group that succeeded Musaddiq's National Front. The leadership of the NRM was considered to be well-known and moderate in outlook. The report also identified the more radical splinters of the NRM which received support from some in the Tehran bazaar, Tehran University, and the Muslim clergy. Within the military, the report speculated that some of those junior and middle-range officers from the urban middle class probably shared the views and discontentment of the civilian opposition, and could move against the Shah given the opportunity to do so.⁴

The estimate concluded that while a move against the Shah could happen at any time, the odds against such an occurrence were "somewhat better than even" given three important factors: the general weakness and lack of leadership among the opposition groups, the effectiveness of SAVAK and other security apparatus, and the perception among the opposition of US support for the Shah. A caveat to these conclusions was succinct, however. The Agency was "pessimistic as to the longer term outlook for the Shah's regime. We believe it unlikely that he will effect a fundamental reform program as will satisfy rising popular demands and broaden the base of support to insure the stability of his regime."⁵

³ US CIA, NIE 34-59, p. 3.

⁴ US CIA, NIE 34-59, p. 4. The Estimate notes that a large proportion of the officer corps was drawn from the urban middle class. According to the report, in February 1958, the chief of army intelligence, Major General Gharani, and four of his associates were arrested for plotting a coup. Gharani and his cohorts represented conservative rather than progressive discontent, and apparently sought to limit the power of the Shah and the level of corruption in the government.

⁵ US CIA, NIE 34-59, p. 5.

The 1959 NIE was both accurate and farsighted. Undercurrents of discontent in Iranian society, particularly among the growing urban middle class, were being fueled by the lack of any meaningful political expression and a spiraling economic crisis. Significantly, the report was quite accurate in its assertion that the threat of instability was considerable, though not immediate, given the absence of organized political opposition in Iran. By 1958, through a combination of government repression and internal division, the NRM had fallen into disarray. An important point overlooked by the estimate, however, was that the Shah was not the only one to benefit from the lack of consensus in the NRM. Religiously-minded Iranians would gradually view clerical radicals as more dedicated and uncompromising than their secular counterparts.⁶ This point was to be painfully recognized in 1963.

In the view of some intelligence analysts, the emasculation of the secular opposition in Iran did little to improve stability. Dissatisfaction was pervasive throughout Iranian society. Poor economic management since 1954 compounded the problem. Oil revenues could not keep pace with the ambitious seven year plan, and military expenditures forced the government into a cycle of heavy foreign debt and deficit financing. In addition, a poor harvest in 1959-1960 sent the cost-of-living index climbing to over 35 percent by the end of the decade.⁷ According to the CIA, the Shah insisted on stretching economic and military development projects further

⁶ Ervand Abrahamian, *Iran Between Two Revolutions* (Princeton NJ: Princeton University Press, 1982), p. 459. Factions within the NRM tended to be divided over strategy. While one faction sought to label the Shah's regime as illegitimate, another believed that, with American support, a genuine parliamentary opposition might be achieved. Still another sought to work with liberal elements in the upper class against the reactionaries.

⁷ Central Bank of Iran, *Bulletin*, (June 1970), 673-93, cited in Abrahamian, *Iran Between Two Revolutions*, pp. 421-422.

than Iran's internal resources could extend with the assumption that the US would cover the budget deficit.⁸

The situation changed little in 1960. The CIA reported that Iran's economic difficulties had been exacerbated by rising inflation and foreign exchange shortages, and that this would "almost certainly have a deleterious effect on stability in the next few years." The military and security forces remained both the Shah's chief pillar of support and principal threat. "A coup attempt," the estimate asserted, "might take place at any time."⁹

Though the opposition remained disorganized, the CIA believed that it could not be discounted given the level of popular disaffection, especially among the politically-conscious urban middle class: "Widespread dissatisfaction with the existing situation will almost certainly continue endemic in Iran." The report continued: "if a dramatic issue and effective leadership should emerge, the opposition would probably be able to mobilize popular support for attacks on the present order."¹⁰ The report concluded:

Indeed dissatisfaction resulting from inflation could provide a basis on which various opposition groups could unite against the government. This in turn could increase the chances of popular disturbances. If these troubles should be compounded by serious crop failures or a major decline in foreign aid or oil revenues, popular discontent might become sufficient to precipitate a political upheaval.¹¹

In contrast to his predecessor, Kennedy had considerably more faith in the resilience of nationalist governments *vis-à-vis* the Communist threat. Moreover, where Eisenhower and Dulles had sought to preserve more reactionary regimes in the

⁸ US CIA, NIE 34-59, p. 7.

⁹ US CIA, Secret NIE 34-60: "The Outlook For Iran," February, 1960 p. 1. In "Making of US Policy," document 385.

¹⁰ US CIA, NIE 34-60, p. 3.

¹¹ US CIA, NIE 34-60, p. 5.

face of revolutionary change, the Kennedy administration was prepared to embrace change, provided the US could help to direct it in non-Communist directions. Where revolutionary change appeared unavoidable, American support for a mixture of economic development and political and social reform would avert Communist alternatives.¹² This did not mean that the US would not attempt to preserve the status quo in nations of overriding strategic importance or in areas of the world where the prestige of the US was at stake.

In many ways, Iran was a perfect test-case for the Kennedy foreign policy team. Teetering on the edge of instability, Iran was a pro-Western country adjacent to the Soviet Union. If the US could maintain the political status quo in Iran by promoting liberal democratic reform, it would provide a powerful precedent for East-West competition. Moreover, the stakes were raised considerably by the Soviet Premier, Nikita Khrushchev, shortly after Kennedy moved into the White House. In April 1961, Khrushchev admitted to Walter Lippmann that Iran was, in his mind, the most immediate example of a country inevitably headed for revolution. In the view of Lippmann, nothing could shake Khrushchev's belief in Iran's historical and revolutionary destiny short of a demonstration of US commitment to profound political reform.¹³

Iran became the subject of much discussion immediately after the Kennedy inauguration. The focus of this discussion was whether or not Iran qualified for priority policy review under the new administration. Director of Central Intelligence (DCI) Allan Dulles and the current intelligence people at the CIA remained highly

¹² John Lewis Gaddis, *Strategies Of Containment: A Critical Appraisal Of Postwar American National Security Policy* (Oxford: Oxford University Press, 1982), pp. 224-225.

¹³ Walter Lippmann, *The Coming Test With Russia* (Boston: Little, Brown, 1961), p. 16.

concerned about Iran. A National Security Council (NSC) memorandum on the subject of policy review for Iran noted that intelligence reports had "cast a more gloomy light on the internal situation and the possible foreign policy orientation of Iran." According to the reports, recent elections in Iran had generated nationalist discontent and the possibility of nationalist-Communist cooperation. Moreover, the rigging of elections by the Shah could well "give rise to violent expressions of dissatisfaction."¹⁴

Concerns about Iranian stability were also voiced by the clandestine services at the CIA in February, 1961. A position paper attributed to "Dick Bissell's shop" documented recent anti-regime demonstrations. As in 1960, the CIA noted that the Shah had first created the popular expectancy of free elections only to succumb in the end to the advice of conservative supporters by pre-selecting the winners of most contests. This in turn had given rise to "a better organized and longer sustained opposition activity than has been seen in Iran since the ouster of Musaddiq in 1953." In summarizing recent intelligence reports, the paper concluded that "this sharp increase in civil unrest must be viewed as a grave setback to the prestige and long-term viability of the Shah's regime."

The position paper is significant in three ways. First, the author of the paper highlighted the general predicament of US-Iranian relations: "While the Shah focuses his attention on military and foreign policy matters (such as the scope of U.S. military assistance), he pursues domestic policies which steadily undermine the prestige and

¹⁴ US National Security Council (NSC), Top Secret Memorandum, Philip J. Halla Memorandum to Mr. McGeorge Bundy, "Possible Priority Review of U.S. Policy Toward Iran and CENTO," February 8, 1961, John Fitzgerald Kennedy Library, NSC Files, Box 115. According to the memo, it was believed that the Defense Department might recommend priority status for Iran but that the State Department might not concur. Halla, the memo's author, recommended that Iran not be given priority review status, but fall into the

viability of his regime.” The Shah's preoccupation with the Iranian armed forces remained at the heart of the problem. According to the paper, since leading Iran into the Western camp in 1953, the Shah felt entitled to “virtually unlimited support from the U.S.” To the Shah, the army was a symbol of personal power and prestige. In contrast, the politically important urban middle class viewed the army and the monarchy alike as symbols of waste and oppression. Thus the goal of US policy was to moderate the Shah's appetite for expensive military hardware while encouraging him to focus his attention on badly needed political and economic reforms. Achieving this objective would be all the more difficult, however, given the monarch's continuing fear that US economic and military support would be sacrificed by Kennedy in the name of a US-Soviet détente.¹⁵

Secondly, the paper outlined four broad courses of action for US policy. These involved reassuring the Shah of continued military and economic support while:

1. Convincing the Shah that rather than increasing the size of his Army, he should concentrate on qualitative improvements with a view to increasing the military's capabilities to maintain internal security and wage unconventional warfare against a Soviet invasion.

2. Emphasizing the need for stabilizing the economy and “increasing assistance to projects designed to meet the needs of the urban middle class segment of the population.”

next highest group. Responsibility for Iran on the NSC staff, however, fell to Robert Komer, a new NSC staffer, who eventually recommended priority status.

¹⁵ US NSC, Secret Memorandum, Sam Belk to Mr. Bundy, “Position Paper On Iran,” February 24, 1961, JFK Library, National Security Files, Box 115, pp. 1-2. The paper was attributed to “Dick Bissell's shop” by Sam Belk. Robert Komer verified the origins of the paper as coming from the clandestine side of the CIA. Interview with Robert Komer, October 18, 1994, Washington DC.

3. Inducing the Shah to conduct political reforms against corruption and special privilege and draw pro-Musaddiq nationalist and non-Communist opposition groups into the political process.

4. Suggesting to the Shah that he consider "drastic and basic changes in the electoral system."¹⁶

Perhaps most significantly, the position paper on Iran, though a CIA product, made clear policy proposals. That these proposals broadly reflected current thinking in the US government about Iran represents the level of consensus regarding the danger to the Shah's regime and the need for reform from above to preserve it. But the blurring of the policy-intelligence line is more difficult to explain. One explanation might lie in the ongoing competition between the CIA and the State Department. By 1961, the CIA's budget had grown larger than State's by 50 percent. The CIA had enjoyed a close relationship with President Eisenhower and the White House staff, while the State Department's influence over the Agency's intelligence and covert operations gradually declined.¹⁷ In the view of the former director of the Bureau of Intelligence and Research (INR), Roger Hilsman, the CIA was close to running US foreign policy. This situation would continue until the Bay of Pigs fiasco in April 1961.¹⁸

CIA-State competition manifested itself in Tehran as well as Washington. When President Kennedy's new ambassador to Iran, Julius Holmes, reached Tehran, he found his access to the Shah was limited. Much to Holmes's consternation, the

¹⁶ US NSC, "Position Paper on Iran," pp. 3-4.

¹⁷ Rhodri Jeffreys-Jones, *The CIA & American Democracy*, (New Haven: Yale University Press, 1989), p. 120.

¹⁸ Roger Hilsman oral history interview, August 14, 1970, p. 4. JFK Library. Quoted in Jeffreys-Jones, *The CIA & American Democracy*, p. 120. Hilsman describes how, after the Bay of Pigs, the prestige of the CIA

CIA station chief, Gracian Yatzavich, was the only American who received regular audiences with the monarch. With the Agency station chief effectively supplanting the role of the American ambassador, it is perhaps less than surprising that the operational side of the Agency should venture to make policy recommendations. Yatzavich, with his close relationship to the Shah, must have been in a better position to comment on policy from the field than were other Foreign Service officers. But this relationship was not to last, and in the end, Holmes insisted that Yatzavich be replaced and the primacy of the ambassador reconstituted.¹⁹

Finally, the document may have been a product of the expanding collection mandate the CIA had in Iran. The Agency was ordered to expand its independent network of sources, and the station was augmented.²⁰

The position paper on Iran had favored the creation of an interagency group, "on a priority basis," to prepare reform recommendations for Iran.²¹ By the early spring of 1961 Iran had been promoted to priority review status. Meanwhile, alarming reports concerning Iran continued to reach the NSC. In February, the CIA reported growing unrest among the urban middle class as a product of "the Shah's blatant rigging of elections," and asserted:

While a political upheaval could take place in Iran at any time, on the whole, we believe the odds are against such a development in the next year or so. However, profound political and social change in one form or another is virtually inevitable. The nature of Iranian politics and

vis-à-vis its relationship with the president declined. Roger Hilsman, *To Move A Nation: The Politics of Foreign Policy in the Administration of John F. Kennedy*, (New York: Doubleday, 1967), pp. 80-81.

¹⁹ Author's Interview with Robert Komer, October 18, 1994, Washington DC. President Kennedy later sent a blanket memo to every US mission reaffirming the primacy of the Ambassador. Gracian Yatzavich was recalled from Iran, and the episode effectively ended his career.

²⁰ Amir Taheri, *Nest Of Spies: America's Journey To Disaster In Iran*, (New York: Pantheon Books, 1988), pp. 51-52. Taheri writes that the CIA's new drive to recruit agents convinced Lieutenant General Teymour Bakhtiar, the director of SAVAK, that the US was planning to overthrow the Shah in favor of the National Front.

²¹ US NSC, "Position Paper On Iran," pp. 4-5.

the character of the Shah make it unlikely that this change will be evolutionary.

Like estimates of previous years, this one continued to be pessimistic about Iran's economic plight. Inflation and balance of payments problems continued to be endemic. This in turn was fueling popular unrest among the urban population in Iran. Though the CIA believed a stabilization program could lay the foundation for "responsible and competent economic management," the Agency concluded that, given the unpalatable political choices involved, "the Shah is unlikely to take any vigorous action to promote economic reforms."²²

The State Department also continued to be highly concerned about the internal situation. Two analyses written by John W. Bowling were distributed to Robert Amory and Richard Bissel at the CIA and to the President's Assistant for National Security, McGeorge Bundy, in late March, 1961. In the first paper, Bowling asserted that the chances of a coup in Iran would continue to increase unless political trends changed. The National Front and the National Resistance Movement continued to pose a "dynamic and powerful" threat to the regime. The leaders of these movements commanded great prestige and respect among the urban masses, and their influence would grow with the spread of literacy and modern communications. The broad platform of these groups was democratic, neutralist, and socialist.²³

On the right, Bowling identified opposition to the government among some factions of the feudal landlords and religious leaders. But while these groups posed a significant potential threat to the Shah, they lacked forceful leadership. Among the

²² US CIA, Secret NIE 34-61, "Prospects For Iran" February 23, 1961, pp. 1-2. In "Making of US Policy" document 399. The NIE reiterated the US policy dilemma: "a continuing problem for the US will probably be how to give the Shah sufficient support to preserve his pro-Western policy without encouraging excessive demands for aid."

latter group, there was a faction of "religious fanatics...given to assassination as a means of political expression." Among the secular nationalists, political extremism was also a growing trend. Older leaders were beginning to lose control of their followers as a new generation of more radical and demagogic leadership emerged.²⁴

Bowling's analysis was remarkably accurate. Though the role of the clergy and the advent of more extremist elements in the opposition would not reach fruition until the 1963 crisis, Bowling had effectively recognized the significant political trend of the era. As one scholar of Iranian politics wrote almost thirty years later: "in short, the older generation were secular, reformist, anti-British and non-violent; the new generation were more religious, radical, anti-American and, most important of all, ardent advocates of armed struggle."²⁵

The seemingly intractable problem for the Shah, and by logical extension the US, was how to stabilize the regime without polarizing the political atmosphere or toppling the government altogether. Meaningful reform could not be accomplished without the inclusion of the nationalists in the policy process, both to broaden the regime's base of support and to control the reactionary landed class and the clergy. The price for nationalist participation, however, would probably be a reduction in the Shah's personal power and his control of the military, a price he probably would not be willing to pay. Moreover, free elections would likely polarize the environment. According to the analysis, elections would produce a *majlis* dominated by the clergy

²³ US Department of State (DOS), NEA/Greece, Turkey, Iran, "The Current Internal Situation In Iran," February 11, 1961, pp. 1-2. JFK Library, NSC Files, Box 115.

²⁴ US DOS, NEA/Greece, Turkey, Iran, "The Internal Political Situation In Iran" March 20, 1961, pp. 2-3. JFK Library, NCS Files, Box 115.

²⁵ Ervand Abrahamian, *The Iranian Mojahedin*, (New Haven: Yale University Press, 1989), p. 84.

and landlords, with a vociferous nationalist minority, increasing the chances of civil war.²⁶

After considering the option of a policy shift to support a more popularly based nationalist coup, Bowling recommended support for the political status quo in Iran: the US should maintain support for the Shah while strongly encouraging a range of economic, social, and political reforms. While a nationalist government would enhance the long-term stability of Iran, Bowling argued that the short-term costs for the US would be high: a switch to a neutralist foreign policy. Thus, as Bowling admitted, American thinking concerning Iran was fundamentally shaped by “global national security considerations.”²⁷

The key to successful reform in Iran was the enfranchisement of the urban middle class, the very group that had been disenfranchised by the overthrow of Musaddiq in 1953. As Iran specialist Richard Cottam notes, the middle class was politically articulate, and had focused their loyalties on leaders who stood in opposition to the Shah and the regime.²⁸ In the eyes of intelligence analysts and policy makers alike, this group posed the most serious challenge to Iranian stability. In a second paper focusing on this social class, Bowling argued that economic development alone would not deflect the challenge. “It is noteworthy,” wrote Bowling in March, “that the consumption levels of the urban middle class have been

²⁶ US DOS, “The Internal Political Situation In Iran,” pp. 6-7.

²⁷ US DOS, “The Internal Political Situation In Iran,” pp. 8-9. Bowling listed the probable disadvantages associated with a nationalist government in Iran: (1) the breakup of CENTO; (2) the withdrawal of the US military mission in Iran; (3) the abandonment of the current economic stabilization program; (4) undetermined moves to extract more money from the Oil Consortium; (5) a great blow to the global prestige of the United States; (6) opportunity for Communist infiltration into the regime; (7) the loss of Iran's friendly United Nations vote; (8) neutralism as a positive policy; and (9) acceptance of Soviet economic and military aid.

²⁸ Richard Cottam, *Nationalism in Iran* (Updated through 1978: Pittsburgh, Pittsburgh University Press, 1979), p. 316.

rising sharply over the past eight years, while its political discontent has been rising even more sharply.”²⁹

The Amini Government: 1961-1962

As a consensus for reform was developing in Washington, the expected crisis was emerging in Iran. The rigging of elections, the resurrection of the National Front, and the economic crisis all contributed to growing instability. Beginning in January 1961, a dozen serious demonstrations took place in Tehran over the next three years.³⁰ Following the teacher's riots in May 1961, that Shah bowed to US pressure and appointed the aristocratic reformer Ali Amini as Prime Minister. Though the Shah disliked Amini intensely, the new Prime Minister was popular in the White House, the State Department, and the CIA where he was referred to as “one of our boys.”³¹

²⁹ US DOS, NEA/Greece, Turkey, Iran, “Political Characteristics Of The Iranian Urban Middle Class And Implications Thereof For U.S. Policy” JFK Library, Box 115. pp. 4-5. Bowling developed a fourteen point reform plan that became almost a blueprint for the Shah's own reforms. These included: (1) channeling current resentments against his Ministers rather than against himself; (2) dumping his family, or most of it, in Europe; (3) abstaining from state visits abroad and discouraging state visits to Iran; (4) reducing his military forces gradually to a small, tough force of infantry and artillery capable of internal security and guerrilla activities; (5) removing gradually most U.S. advisers from the Iranian Government except those few engaged in health, education, and welfare work in the field; (6) publicly excoriating the traditional ruling class for a lack of social responsibility; (7) withdrawing from his openly pro-Western international posture with as little damage as possible to Free World morale and to his own prestige; (8) ostentatiously reducing his personal standard of living, and the pomp and panoply of his life; (9) proceeding loudly with at least a token land distribution program against the big landlords; (10) making menacing gestures against the Oil Consortium and “extracting” concessions from it in such a way as to make it appear that the Consortium was reluctantly bowing to his power and determination; (11) making public scapegoats of scores of “corrupt” high officials whether or not the corruption could be proven; (12) Appointing respected moderate Musaddiqists to position such as those of Minister of Finance and Head of the Plan Organization, where they could assume responsibility without being able to reverse policy; (13) making public all details of the operations of the Pahlavi Foundation, and appointing as its supervisors a few moderate Musaddiqists; (14) employing his personality to make constant personal contact with the members of the middle class. Bowling concluded that the US must watch “ political developments carefully with a view to the identification and analysis of effective and responsible alternative political leadership who might, as a last resort, be available to replace the Shah should he fail completely as a political leader.” “Iranian Urban Middle Class,” pp. 7-9. See also, James A. Bill, *The Eagle And The Lion*, (New Haven: Yale University Press, 1988), pp. 134-135.

³⁰ Bill, *The Eagle And The Lion*, pp. 141-142. As a example of the resurgence of the National Front, Bill notes that Muhammad Musaddiq's picture appeared in the Iranian press for the first time since 1953.

³¹ Donald N. Wilber, *Adventures in the Middle East: Excursions and Incursions* (Princeton: Darwin Press, 1986), p. 221. The Shah was highly suspicious of Amini whom he viewed as a potential rival, and who had been an activist in the National Front.

Amini was popular in Washington for a number of reasons. Though an aristocrat, Amini was an advocate of the kind of change favored by the US. Like the Shah, the new Prime Minister was in favor of land reform. Unlike the Shah, however, land reform was seen by Amini not as an end in itself, but as one element in a comprehensive economic, social, and political reform program.³²

Nevertheless, intelligence analysts were not optimistic about the Amini appointment, which they viewed as a tactical move of the Shah's in response to the political crisis. In late May, the CIA reported:

The Shah was apparently frightened by the recent crisis into delegating considerable authority to Amini, although he has sought to retain close control of the armed forces. The Shah probably regards this delegation as only temporary, since he strongly believes in the necessity of concentrating power in his own hands. Should Amini be able to stabilize the situation sufficiently to enable the Shah to recover from his present fright, the latter will move to resume the dominant position.³³

The Agency noted that the recent demonstrations against the regime were the most serious since 1953 and that pressure against the Shah "may be reaching a critical point." In this context, the Shah "was convinced that ...Amini was the man acceptable to the military, the nationalists, and the conservatives, and therefore able to prevent the situation from deteriorating further."

The report concluded with an accurate prediction: "If the Shah should attempt to force Amini into a puppet's role, or should replace him with some politician subservient to the throne, the unrest which brought Amini to power would be likely to break out more violently than ever." This analysis was borne out with the Amini's

³² Barry Rubin, *Paved With Good Intentions: The American Experience and Iran*, (Oxford: Oxford University Press, 1980), p. 106. Rubin writes that the Shah's failure to follow through on reform other than land redistribution was a key factor in the regime's downfall.

³³ US CIA, Secret Special National Intelligence Estimate (SNIE) 34-3-61: "Short-Term Outlook For Iran," May 23, 1961, p. 1. In DDRS, 1986.

replacement fourteen months later and the violent challenge to the throne some months after that.³⁴

The Agency's view echoed that of the Embassy in Tehran, which reported that the Shah probably would act to prevent Amini from developing a strong power base.³⁵ Both the Agency and the Embassy recognized that Amini could provoke a rightist coup given the nature of his reform program. The upper echelons of the military maintained a vested interest in the status quo, and though they had acquiesced to the new Prime Minister's appointment, some factions within the military were growing more apprehensive.³⁶ Indeed, in response to a spate of reports of an "imminent" military coup in Iran, all relevant US agencies were reminded that American policy did not support a move against the Amini government.³⁷

Reports such as these had an immediate impact on policy makers. In May, the Iran Task Force reported that the "continuing trend toward revolution and chaos in Iran" had "reached the point where the U.S. must take vigorous action."³⁸ The report continues: "there is a widening conflict between the Shah, with the uncertain support of his security forces and conservative elements, on the one hand, and the growing semi-Westernized and demagogically inclined nationalists urban middle class on the other." The Amini government was attractive for the US, for he provided a possible bridge between these two groups. The Task Force outlined three general courses for action for US policy:

³⁴ US CIA, SNIE 34-3-61, p. 2.

³⁵ US DOS Secret Telegram, Tehran to Secretary of State, Section One, May, 24, 1961. JFK Library, NSC Files Box 115. The Embassy reported that the "confluence" of events leading to the appointment of Amini has "produced the most acute political crisis Iran has experienced since 1953."

³⁶ US CIA, SNIE 34-3-61, p. 2; US DOS Telegram, Section Two, p. 2.

³⁷ US DOS, Telegram, Secretary of State to American Embassy, Tehran, May 23, 1961. JFK Library, NSC Files, Box 115.

The United States could, at considerable expense, keep the Shah in a position of personal power for several years by affording him uncritical and unlimited support. This would involve, among other things, providing greatly increased military assistance and pinning U.S. prestige and hopes for future influence irrevocably on a doomed political entity. The U.S. could also roll with the punch of history and champion the cause of the moderates among the Mussadiqists, hastening the triumph of the movement in the faint hope of being better able to mitigate its destructive effects on U.S. interests. A third alternative would be to support the best of the right-wing military leaders in a pro-Western dictatorship. Such a regime would, however, soon be faced with all the pressures which now beset the Shah, and would lack most of the latter's assets.³⁹

The report recommended support for "responsible government" under the aegis of the institution of the monarchy. "Political awareness," the report stated, "has advanced far enough in Iran so that no regime can be solidly based any longer unless it obtains the acquiescence of a broad segment of the urban community." The interim goal of US policy was to encourage the inclusion of this group in the political process, while emphasizing support for the Iranian government rather than the Shah.⁴⁰ Potentially, Amini was the man who could stabilize Iran. Like the Shah, Amini lacked a broad base of support. Unlike the Shah, Amini was willing to make systemic changes not unwelcome in Washington: "the goals which we envisage and which we believe to be in the long-term interests of Iran and the Iranian people are wholly consistent and almost identical with those which the new Prime Minister has publicly declared as his program."⁴¹

³⁸ US NSC, Task Force on Iran, "A Review of Problems in Iran and Recommendations for the National Security Council," May 15, 1961, p. 1. JFK Library, NSC Files, Box 115. The Task Force was an inter agency project including the DOS and CIA.

³⁹ US NSC, "A Review of Problems in Iran," pp. 6-7.

⁴⁰ US NSC, "A Review of Problems in Iran," p. 3.

⁴¹ US NSC, "A Review of Problems in Iran," 5-6. The reforms included the redistribution of land, fiscal responsibility, tax reform, the extension of social security, realistic and practical development, educational reform, and encouraging national unity.

The Task Force recognized four principal threats facing Amini: the National Front challenge; a rapid deterioration of the economy; "hostility and intrigues by the Shah" directed against the Prime Minister; and a right-wing coup.⁴² The tenor of the Task Force report is important. The reference to the absolute monarchy as a "doomed political entity" and its vigorous support for Amini are significant. In addition, the report argued for the expansion of contact among the Nationalists to "encourage those who give promise of providing firm and responsible leadership."⁴³

As a consequence, between June 1961 and February 1962 the CIA station in Tehran reported extensively on the biographical background and political views of the three leading personalities in the National Front, Shapour Bakhtiar, Karim Sanjabi, and Dariush Furuhar. These reports highlighted the inability of Amini to cultivate the support of the National Front as well as the internal division within the movement. Though the Prime Minister had initiated contact with the opposition, the Front viewed his government as illegitimate.⁴⁴ The lack of support from the Front would be a key factor in the downfall of Amini in 1962.⁴⁵

Amini's resignation in July, 1962, must have come as little surprise in Washington. Intelligence analysts had argued that Amini's appointment had been a tactical maneuver designed by the Shah to deflect criticism and lessen pressure on the regime. As early as late July, 1961, the Embassy had reported that the Shah had

⁴² US NSC, "A Review of Problems in Iran," p. 2.

⁴³ US NSC, "A Review of Problems in Iran," p. 4.

⁴⁴ US CIA, Secret National Intelligence Topics (NIT) 5552, (June 20, 1961), 5578, (July 3, 1961), 5579, (July 3, 1961) 5580, (July 3, 1961), 5654, (August 22, 1961), 5728, (October 17, 1961) in *Documents from the US Espionage Den*, v. 20:47, v. 20:48-50, v. 21:29-34, v. 22:23-28, v. 21:35-36, v. 20:55-57. National Intelligence Topics are also known as "Field Information Reports."

⁴⁵ Homa Katouzian, *The Political Economy of Modern Iran* (New York: New York University Press, 1981), p. 221. Katouzian notes that in failing to support Amini, the National Front lost any hope of gaining political influence for itself.

“regained his equilibrium and is eager to show that final authority rests with him.”⁴⁶

In January, the Embassy reported that the Shah was planning to provoke violent demonstrations that would provide an excuse for removing the Prime Minister.

“Convinced Amini is supported by the U.S.,” the Embassy concluded, “the Shah will take dangerous and considerable risks and perhaps even covertly support anti-government demonstrations.”⁴⁷ In the end, this is exactly what happened.⁴⁸

Amini's downfall has been a source of debate among scholars, some of whom believe that the United States, for the second time in a decade, simply chose the Shah over a reformist Prime Minister. The truth is more complex. Given the lengths to which the Shah was prepared to go in order to remove Amini as a political rival, it seems clear that the US could not protect him despite the substantial economic aid he received from America. Moreover, regardless of the best intentions of US policy makers, Amini's political position was untenable: he never did broaden his base of support sufficiently to stabilize the situation. Not three months after Amini's appointment, President Kennedy had expressed concern over the way in which Amini had lost momentum and failed to develop “any kind of political base.” In a letter to the Secretary of State, McGeorge Bundy illustrated the degree of concern about Iran in the White House. “Should we now regard Iran as a full-fledged crisis situation,” asked the National Security Adviser, “and give it sustained Task Force treatment, as

⁴⁶ US DOS Secret Foreign Service Dispatch, July 29, 1961, p. 4. JFK Library, NSC Files Box 115.

⁴⁷ US DOS Secret Airgram, Embassy Tehran to DOS, January 21, 1961. In “Making of US Policy,” document 433.

⁴⁸ On January 21, 1962, the Shah approved a brutal military occupation of Tehran University. Troops damaged the facilities and raped female students. As a consequence, the chancellor of the University resigned. Not surprisingly, the incident heightened greatly the disaffection of the middle class. Bill, *The Eagle and the Lion*, p. 146.

we are South Vietnam?"⁴⁹ As the political climate in Iran deteriorated over 1962-1963, the need for firm control became more apparent to Washington, and more palatable, given the Shah's genuflection in the direction of continued reform.

Amini's legacy is nevertheless substantial. During his fourteen-month tenure, his government instituted a number of important anti-corruption and economic austerity reforms. His appointment of radical reformists such as Hassan Arsanjani had dual consequences. Acting quickly to outmaneuver both the government and the landed aristocracy, the first stage of land reform instituted during the Amini government was a substantial move in the direction of land redistribution. As Minister of Agriculture, Arsanjani would seek to awaken the political consciousness and heighten the expectations of the masses through agricultural reform. In this way, Arsanjani and Amini found common cause with the Kennedy administration who sought to provide a stake in the status quo for the masses in much of the developing world. But the frantic rate of reform and the radical nature of personalities such as Arsanjani did not, in the eyes of the administration, contribute to political stability in Iran.

Less than two months after the departure of Amini, the CIA reported:

With the resignation of Prime Minister Amini, the Shah is once more the focal point of the Iranian political scene. Before long he will almost certainly again become the direct target of political pressures and general discontent. While none of the Shah's opponents are likely for some time to summon up the will or develop the capability to overthrow him, they will be alert to exploit any fortuitous crisis which may occur, e.g. a popular outburst in Tehran or a Kurdish insurrection.

As long as the Shah retains control of the army and the security forces, the chances are that he will be able to ride out such crises, but each

⁴⁹ US NSC, Memorandum For The Secretary Of State from McGeorge Bundy, August 7, 1961. JFK Lib NSC Files, Box 116. Bundy also queries, "if we are nonetheless dubious as to Amini's prospects, should we step up quiet contingency planning against his fall?"

time a serious crisis occurs, the possibility of his overthrow or even his voluntary abdication will be present.⁵⁰

The Shah and Reform in Iran: 1962-1963

If Amini had represented a period of grace for both the Shah and the US, his departure represented a return to the policy conundrum inherent in support for the monarchy. The CIA reported that the Shah would probably not call for new elections (he had dissolved the parliament shortly after appointing Amini), for this would "face him with the unhappy choice between rigging them, which would deepen popular discontent and could touch off disturbances, or, on the other hand, permitting free elections, which would give the nationalists an opportunity to carry their opposition into Parliament." Additionally, the Agency argued that the Shah's "preoccupation with the military matters and his relative indifference to administrative and fiscal improvement will almost certainly persist." Any "meaningful compromise" with the nationalists would imply an impairment of the Shah's authority, and was not likely.

The Agency also noted that the Shah's political position had not improved. While the middle class and the intelligentsia continued to be outspoken in their opposition to the regime, the tenuous support of conservative elements such as the landed classes and the clergy had eroded as a result of the land reforms.⁵¹ The report concluded with a startling supposition:

In extreme circumstances, nationalist and conservative elements might enter into a brief opportunistic alliance against the Shah, but it is unlikely that any lasting or effective coalition will be worked out among various opposition groups. As long as the Shah retains control of the army, the chances are that he will be able to ride out such a crisis. Nevertheless, each time a serious crisis occurs, the possibility

⁵⁰ US CIA, Secret NIE 34-62: "Political Prospects For Iran," September 7, 1962. p. 1. In "Making of US Policy," document 457.

⁵¹ US CIA, NIE 34-62, p. 3.

of his overthrow or his voluntary abdication will be present. Over the long term; profound political and social change appears virtually inevitable.⁵²

Throughout the next decade, American intelligence analysts would see the Shah's position as dependent on the support of the security services and the military. This continuing dependence was in no small part a factor of the Shah's shrinking political base after 1962. Though the lower classes had never been strong supporters of the Shah, the clergy's temporary support had proved to be a calming influence. As the reforms of the 1960's began to alienate and consequently politicize the religious establishment, this calming influence eroded, just as the expectations and awareness of the lower classes began to expand.⁵³ Thus, until the revolution of 1978, the regime rested on the uncertain loyalty and capabilities of the military.

For this reason, the military and SAVAK had been the subject of much scrutiny by US intelligence. By the early 1960s, the relationship between SAVAK and the CIA had cooled down considerably. CIA training functions had been taken over by Mossad, the Israeli intelligence service, as the Shah sought to reduce Iran's dependence on the US. Nominally, the Agency had shared intelligence on the Tudeh party, but did not provide SAVAK with intelligence on other domestic opposition groups.⁵⁴ According to the Agency, by 1962 SAVAK consisted of between 2,000 and 2,400 personnel, and had successfully penetrated most known opposition groups. "While SAVAK is generally loyal to the Shah," the Agency reported, "some of its officials are involved in the cliques and personal jealousies which are common among

⁵² US CIA, NIE 34-62, p. 4.

⁵³ Bill, *The Eagle And The Lion*, p. 142.

⁵⁴ Mark J. Gasiorowski, "Security Relations between the United States and Iran, 1953-1978," in Nikki R. Keddie and Mark J. Gasiorowski eds., *Neither East Nor West: Iran, The Soviet Union, and the United States* (New Haven: Yale University Press, 1990), pp. 155-157. Gasiorowski also notes that while the CIA did not

senior Iranian military officers, and their objectives and reliability are uncertain.”⁵⁵

In general, the Agency concluded that the security services, which also included the National Police and the gendarmerie, could cope with internal security threats as long as they were backed by the military.⁵⁶ With the Army as his principal remaining base of power, it is of little surprise that the Shah remained obsessed with military matters.

US priorities in Iran remained largely continuous after the fall of Amini. As one NSC staffer euphemistically emphasized, American policy must “exorcise the Shah's military nightmares as much as possible, without having to pay far more military *baksheesh* than we think reasonable.” In the meantime, economic and social reforms provided the best guarantee against instability in Iran.⁵⁷ American policy makers were delighted, then, with the Shah's attempt to capitalize on the reforms of Amini and Arsanjani. In January 1963, the Shah announced with much fanfare the White Revolution.⁵⁸

The six point reform program entailed in the White Revolution was endorsed by referendum on January 26, 1963. The reforms were met with much enthusiasm in the State Department which reported on January 21 that,

The Shah has made a clean and irrevocable break with the traditional moneyed, land-owning, and religious elites on whom he relied so heavily in the past. He has by-passed the secular urban elite and almost alone, except for his dynamic Minister of Agriculture Arsenjani, a handful of civil-servants, and his security forces, has driven without hesitation or caution toward building the peasant

provide intelligence on domestic opposition in Iran other than the Tudeh Party, SAVAK was allowed to gather information on Iranian students inside the United States.

⁵⁵ US CIA, NIE 34-62, p. 5.

⁵⁶ US CIA, NIE 34-62, p. 6. The CIA placed the National Police at around 24, 000 personnel and the gendarmerie at around 20, 000. Both services possessed limited capabilities in dealing with a mass popular uprising.

⁵⁷ US NSC, Secret Memorandum for McGeorge Bundy from Robert W. Komer, March 26, 1962, p. 1. JFK Library, NSC files, Box 116.

⁵⁸ The basis for the White Revolution was a six point program that included the nationalization of forests, land reform, privatization of state owned factories, profit sharing, the enfranchisement of women, and a literacy corps.

masses into the fundamental pillar of a radically different and new Iranian society. This bold venture contains a unique array of dangers and opportunities for the Shah, his country and the Free World.⁵⁹

An important caveat to the State Department analysis bears mention, and would in later years prove to be remarkably accurate:

The greatest single danger, aside from the assassination of the Shah, is that the machinery to implement the rural reform program will never really get beyond the land redistribution stage of destroying the landlords. The resulting deterioration and chaos in the rural areas could result in turning the newly activated peasants against the Shah and the government.⁶⁰

These reservations aside, the foreign policy establishment in Washington was encouraged by the Shah's apparent break with elite elements. The press in the United States reflected this optimism with sanguine remarks that cast the Shah in the role of progressive revolutionary and champion of the working class.⁶¹ Intelligence analysts, however, remained less optimistic. Even as the referendum was being celebrated as a triumph for parliamentary rule in Iran, INR reported serious reservations about both the reforms and the elections. INR noted that the elections were not secret, votes had to be cast in the presence of election officials, and voters were given a choice only of approval or disapproval over the entire platform. The Shah also avoided a confrontation with the clergy by not counting the votes of women. While land reform did generate widespread enthusiasm, INR took care to place the referendum results within the context of ongoing opposition to the regime:

The victory does not, however, go very far toward solving the fundamental and awesome technical and financial problems connected with land reform. On the contrary, it has probably suggested to the

⁵⁹ US DOS Secret Memorandum for Mr. McGeorge Bundy, The White House, "Recent Changes and Opportunities in Iran," January 21, 1963, p. 1. In "Making of US Policy," document 463.

⁶⁰ US DOS, "Recent Changes and Opportunities in Iran," p. 4.

⁶¹ The *New York Times*, January 23, January 28, 1963. On January 28, the *Times* called the reforms "a revolution in which Iran's ruler has aligned himself directly with the workers and the peasants against conservatives and traditionalists." Quoted in Rubin, *Paved With Good Intentions*, p. 110.

Shah...that administrative difficulties and political opposition can be dealt with by appeals to the masses and the use of peasants and town thugs to cow Tehran's rightist and leftist critics. This tactic may work for a while; but the urban opposition still exists, even though it may have reached a low point in cohesion and effectiveness.⁶²

The charge that the Kennedy administration and its predecessors miscalculated in the belief that the White Revolution would end middle class grievances is only partly true. Intelligence analysts and policy makers were split over the validity of these reforms. According to the principal National Intelligence Officer for Iran in the 1960s and 1970s, the institutional feeling in the Office of National Estimates during its existence was that the Shah was a difficult ally. In contrast to policy makers at State and in the NSC, intelligence analysts viewed the White Revolution largely as "propaganda."⁶³

On the other hand, Robert Komer, the staffer with responsibility for Iran on the NSC, admits that policy makers were overly optimistic about the ability of the reforms to satisfy the political aspirations of Iranians.⁶⁴ "Have we now all become so enamored of economic determinism," wrote one Iran specialist and former State Department official in 1963, "to expect this one act to produce a happy non-Communist political stability?"⁶⁵ As Barry Rubin notes, according to the American press the answer seemed to be yes.⁶⁶ The NSC apparently concurred.

In April, the CIA reported that the Shah's reforms had "alienated the traditional religious, landed, and wealthy elite, and had not gained the support of the educated urban elements." More importantly, "the traditional religious, landed, and

⁶² US DOS/Bureau of Intelligence and Research, Confidential Research Memorandum to the Secretary, "The Iranian Referendum," February 11, 1963, p. 2. In "Making of U.S. Policy," document 407.

⁶³ Author's interview with George Harris, November 8, 1994, Washington DC.

⁶⁴ Author's interview with Robert Komer, October 18, 1994, Washington DC.

⁶⁵ *New York Times*, September 26, 1963.

⁶⁶ Rubin, *Paved With Good Intentions*, p. 110.

wealthy elite" had "made common cause with the National Front in opposing the Shah's revolutionary innovations." The report continues:

The land reform program has caught the imagination of the hitherto lethargic peasants, and their impatience with gradual processes has already been demonstrated in sporadic refusals to accord landlords their legal rights. The aspirations of the urban workers have been excited by profit sharing promises of the Shah, but no one in the government as yet seems to know how these promises are to be carried out. At the same time, almost all of the politically experienced educated urban groups, as well as the landlords and the *mullahs*, will continue to be hostile in varying degrees to the Shah and his program.⁶⁷

The Agency also quite accurately predicted that Iranian agriculture would seriously regress in the coming years. In broad terms, planning for economic development remained weak and a low priority for the Shah who continued to spend twenty five percent of the budget on the military:

Economic development will continue, but it will be difficult to carry out effectively a comprehensive development program without the positive support of the bulk of the intellectuals and urban middle class...Progress is likely to fall short of the expectations of the rural and urban masses. The Shah's popularity is likely to decline and more radical figures such as Arsanjani could emerge as mass leaders.

Nevertheless, given the support of the military, the CIA believed the chances were good that the Shah would maintain his position during the next few years.⁶⁸ The analysis is important, and seems have been borne out in both the short and long-terms. Years later, after the fall of the Shah in 1979, academics and analysts would offer a litany of explanations for the revolution that closely resembled the above. In the short-term, disaffection with the Shah's agenda became abruptly apparent in June 1963.

⁶⁷ US CIA, Secret SNIE 34-63, "The Iranian Situation," April 10, 1963, pp. 3-4. In "Making of U.S. Policy," document 473.

⁶⁸ US CIA, SNIE 34-63, p. 5.

For three days in June, thousands of Iranians poured into the streets across the country. Representing perhaps a more accurate referendum on the regime, the demonstrators were drawn from all classes and ideologies. They included students, bazaaris, intellectuals, the unemployed, and professionals of all types. Thousands were killed as the regime brutally responded to the riots. The call for demonstrations was made by bazaar merchants, the National Front, and the clergy, whose principal spokesman was a little known figure named Ayatollah Ruhollah Khomeini.⁶⁹

Following the uprising, INR reported that "the religious riots which occurred in Tehran and other Iranian cities in the course of the annual Moharram observances produced the most violent civil disturbances since Musaddiq's time and posed an extremely serious threat to the Shah's regime."⁷⁰ The report stated that the riots demonstrated the "power which the Iranian clergy can exercise over the masses" and identified Khomeini as the most outspoken critic of the Shah's reforms. The treatment of Khomeini and other religious leaders by the government would continue to be a "sensitive matter."⁷¹

INR's assessment of the consequences of the riots was mixed. The popular aspect of the demonstrations represented a "major psychological setback for the Shah's regime." However, the security forces had demonstrated their loyalty and discipline. In addition, INR saw the confrontation as a victory for modernizers over

⁶⁹ Abrahamian, *Iran Between Two Revolutions*, pp. 425-426; *The Eagle And The Lion*, pp. 147-148. On June 6, the embassy reported that the Iranian government estimated that approximately 2,000 "fanatical and pro-Mullah" demonstrators took part in the Tehran riots. Ayatollah Khomeini, according to Prime Minister Alam, would be tried by a military court. The prime Minister did not believe in the rumor that Khomeini had been selected as the "principal Ayatollah of Shiaism;" however, he admitted that the rumor itself could have important consequences. DOS telegram, Tehran Embassy to the Secretary of State, June 6, 1963. Khomeini was indeed tried and exiled to Turkey. JFK Library, NSC files, Box 116.

⁷⁰ US DOS/INR Secret Research Memorandum, "The Iranian Riots and their Aftermath," June 26, 1963. In "Making of U.S. Policy," document 483. Moharram is the first month of the Islamic calendar and the 9th and 10th days (June 2 and 3, in 1963) are days of deep mourning in Shia Islam.

⁷¹ US DOS/INR, "The Iranian Riots and their Aftermath," p. 2.

the conservative religious establishment. The report's optimism was nonetheless guarded. Opposition to the Shah among the Mullahs and the urban middle class would continue, and the regime would remain dependent on "the loyalty and effectiveness of the security forces for a long time to come."⁷²

The June riots were important not only because of the popular participation, but because of the alliance that had been formed between the nationalists and the conservatives, most notably, the clergy. This was the eventuality that the US intelligence community had warned about since the fall of Musaddiq, and it signaled a profound change in Iranian political evolution. The modern opposition to the Shah had been created, and this same coalition of forces would be responsible for his downfall over a decade later during another period of reform. Ironically, the demonstrations were seen in Washington as an important test of the Shah's staying power; a test he seemed to have passed. Despite the reservations of the intelligence community, American policy after 1963 would increasingly be predicated on the belief that the Shah was a permanent and stable fixture on the political scene in Iran.

Some historians have asserted that American pressure for reform in Iran was responsible for the unrest of 1963 and the Shah's increasing authoritarianism thereafter.⁷³ This assertion is true only to an extent. The kind of meaningful reform envisioned by Washington was never undertaken in Iran. The Kennedy administration sought to broaden the regime's base of support through political as well as social and economic change. But intelligence analysts had long understood that the Shah would be unwilling to share power. Thus it can be argued that

⁷² US DOS/INR, "The Iranian Riots and their Aftermath," p. 5.

⁷³ James Goode, "Reforming Iran during the Kennedy Years," in *Diplomatic History* 15 (Winter 1991), pp. 26-27.

Washington did not exert enough pressure on the regime to reform. The diffusion of power in Iran, long viewed as a necessity by the intelligence community, might have broadened the regime's base of support and enhanced stability. Nevertheless, it is true that the Shah's dictatorial trend would grow after 1963 and his base of support would shrink.

1963 was a watershed year for the intelligence-policy dynamic with regard to Iran. The belief that the White Revolution would co-opt the political opposition found acceptance among a foreign policy establishment in Washington that was eager to take advantage of the growing strategic significance of Iran. Thus the direction American policy would take in the future was clearly predicated on strategic considerations. The true complexion of the considerations is noteworthy. The primary goal of US policy during the Eisenhower and Kennedy administrations was not to cultivate a pro-Western Iran so much as it was to prevent a pro-Soviet Iran. 'Findlandization' of Iran was the main fear of the US. In the words of the Iran Task Force in 1961:

there is a growing chance of domestic strife leading to chaos, or coups by rightist or leftist cliques, or Soviet-managed subversion. Any of these would probably lead, not to a hardy neutralism with which the United States could live, but to such weakness and division as to make Iran incapable of withstanding Soviet pressures. It is this imminent possibility, rather than possible Soviet or Soviet supported aggression, which is the greatest threat to U.S. interests in Iran.⁷⁴

If Washington viewed a nationalist regime as inherently vulnerable to Soviet pressures and influence, then the Shah remained the only viable alternative for US policy. The problem, of course, was that the Shah's openly pro-Western stance was

⁷⁴ US NSC, "A Review of Problems in Iran and Recommendations for the National Security Council," p. 1.

unpopular among virtually all of the significant opposition groups in Iran. In a study on the possibility of a neutral Iran, INR concluded that:

should the Shah be replaced by a radical nationalist regime it would almost certainly immediately proclaim its withdrawal from CENTO alliance, denounce the bilateral agreement with the US, and insist on the removal of US military advisers. A regime resulting from a take-over by conservative military elements would presumably wish to maintain Iran's ties with the West. It is unlikely that such a regime could provide Iran with a stable government for long, and it would probably be replaced eventually by a radical nationalist government or would try to move toward neutralism itself in an effort to broaden its domestic support. A resumption by the Shah of personal rule would no more than delay violent political change of a type which in its foreign policy aspects would be neutralist and anti-Western.⁷⁵

From the standpoint of the Kennedy administration, given the alarming reports about Iran in the early 1960s, the possibility of Soviet subversion must have appeared all the more dramatic.

Indeed, as of 1961, the CIA believed that in the CENTO region, the Soviets considered Iran to be the most vulnerable. Though the Agency did not believe that the Shah's regime was threatened by Soviet subversion in the near-term, the possibility that the Shah might attempt to reach some accommodation with his northern neighbor was present. Continual reassurance of US support was necessary lest the Shah waver. Thus, the CIA had espoused what would become a hallmark of the American relationship with the Shah: "He is convinced that alignment with the West offers the best hope of maintaining Iranian independence - as well as assuring his dominance within Iran. As long as the Shah believes essential Western support is

⁷⁵ US DOS/INR Secret Memorandum for Mr. Walt R. Rostow and Mr. McGeorge Bundy, "The Prospects Of A Neutral Iran," June 5, 1961, p. 2. JFK Library, NSC Files, Box 115.

forthcoming, he will remain aligned with the West, though he will continuously seek additional military aid and new assurances of US support.”⁷⁶

This report and others produced by the CIA and INR noted that the Iranian Communist Party (Tudeh) had been thoroughly suppressed by SAVAK. The principal threat to the Shah's regime came, then, not from the far Left but from the non-Communist opposition in Iran. Still, the view of the intelligence community and policy makers alike (that the Shah was irresolute) locked Washington into its position.

This was a circumstance that the Shah was eager to exploit. In 1962, much to the chagrin and concern of the US, the Shah accepted limited amounts of Soviet economic and military aid and signed a protocol on disputed Soviet-Iranian border claims.⁷⁷ Iran also pledged not to allow US missile bases on its territory. A nuance missed by US intelligence, who tended to view the Shah's overtures with the Soviets in terms of leverage with the US, was that the normalization of Iranian-Soviet relations was inspired largely by domestic considerations. By ending vitriolic Soviet propaganda against his regime and removing the most destabilizing external challenge, the Shah was able to bow in the direction of neutralism while continuing to consolidate his hold on power.⁷⁸

⁷⁶ US CIA, Secret SNIE 11-12-61, “The Soviet Threat to the Iran And The CENTO Area,” October, 5, 1961. p. 3. In DDRS, 1986.

⁷⁷ Seymour Brown, *The Faces Of Power: Constancy and Change in United States Foreign Policy from Truman to Reagan*, (New York: Columbia University Press, 1983) p. 508; Nikita Khrushchev, *Khrushchev Remembers: The Last Testament*, Edited and translated by Strobe Talbot (Boston: Little, Brown And Company, 1974.) pp. 296-298.

⁷⁸ Rouhollah K. Ramazani, *Iran's Foreign Policy 1941-1973: A Study of Foreign Policy in Modernizing Nations*, (Charlottesville: University Press of Virginia, 1975), p. 328. The pledge not to allow US missile bases on Iranian soil was probably an easy concession for the Shah to make. The evolution of American strategic capabilities included the introduction of both the Polaris A1 in 1961 and the A2 in 1962. Both missiles were submarine-based and could reach important targets in the Soviet Union. Thus, there was little need to place American missiles directly on the Soviet Union's southern periphery, as demonstrated by the removal of the antiquated Jupiter system from Turkey.

Promoting the Shah in order to maintain Iran's pro-Western orientation, however, had the ironic consequence of endangering it. As John Bowling at the State Department noted, the Shah's identification with the West, most notably the United States, was the subject of growing resentment in Iran, and regarded largely as the monarch's personal venture. In an omen for the future, Bowling wrote that the younger more radical Iranians tended to "identify the United States with the Shah and the security forces and to hold the United States responsible for the Shah's misdeeds and mistakes, real and alleged."⁷⁹

US Intelligence and Iran: 1960-1963

In the final analysis, the quality of intelligence on Iran during the Kennedy administration was mixed. The pessimism with which the intelligence community viewed the regime of Mohammed Reza Pahlavi certainly seems well-placed. The violence and chaos endemic to Iran justified these views. The urgency which intelligence analysts attached to Iran nevertheless became the subject of some concern in Washington after the crisis of 1963. The Office of National Estimates carried out a review of past estimates on Iran for this reason.⁸⁰ In essence, given that the Shah would remain in power for sixteen more years, intelligence analysts had discerned what Walter Laqueur terms "smoke without fire." Laqueur argues that the indicators and warning signs of revolutionary change are difficult to identify, events are almost impossible to predict, and this represents the foremost challenge for political intelligence. Analysts must decide "whether the government in question can still handle a serious challenge, whether it is still considered 'legitimate,' and whether,

⁷⁹ US DOS, "The Current Internal Political Situation In Iran," p. 3.

having once suffered an eclipse, it is likely to recover.”⁸¹ In the case of Iran, the assumption maintained by analysts, that of a fluid and discontented social mosaic, were largely valid. Hence the prediction of “inevitable” and possibly revolutionary change was valid. Significantly, the characterization of the monarchy as a doomed political entity would prove correct, though not for another decade and a half. If the Shah's victory over the opposition in 1963 exemplified “smoke without fire,” by contrast, American policy makers must have been delighted with the outcome. With the White Revolution, the US goal of encouraging reform in Iran was apparently fulfilled. But meaningful reform in Iran would be elusive.

These problems aside, intelligence on Iran from 1960-1963 was both timely and accurate. Moreover, the intelligence policy dynamic was an effective one. This was a pre-Vietnam CIA and the standing of the Agency was still high, particularly in the Kennedy White House. Allen Dulles's successor, John McCone, became an effective administrator and protector of the Agency both inside and outside the White House, armed with his apparent success in the Cuban missile crisis.

The “intimate” policy-intelligence relationship which had been fostered by the Cuban crisis seems to have been extended to Iran during the Kennedy term.⁸² This situation was facilitated not only by Bundy's interest in Iran and the perceptive work of Robert Komer, but by the Iran Task Force, effectively a marriage of intelligence and policy, with impressive results. The warnings about the dangers of close cooperation between intelligence and policy were not vindicated in the Kennedy period; indeed, the NIE became a valuable vehicle because of this relationship.

⁸⁰ Author's interview with George Harris, November 8, 1994, Washington DC.

⁸¹ Walter Laqueur, *A World Of Secrets: The Uses and Limits of Intelligence* (New York: Basic Books, 1985), pp. 260-261.

Generally, the NIE process is inherently flawed, as will be shown later. The demand for consensus generally produces a bland, often contradictory, product. In the case of Iran, however, the consensus was already evident. State, INR, the White House, and the CIA all agreed. Free of the need to foster unanimity, intelligence analysts were at liberty to predict chaos in Iran.

Traditionally, NIEs were generated by the specific directives of the NSC. Over time, however, production became routine on the basis of the judgment of the Board of National Estimates (BNE) as to the priorities and requirements of policy makers.⁸³ Thus the generation of NIEs was gradually undertaken by a staff which was insulated from policy makers, the Board of National Estimates. In addition, the BNE had the collective dual function of both producing the estimates and approving them, further isolating the subject material.⁸⁴ Consequently, estimates often played a minor role in influencing policy. However, the close policy-intelligence relationship in the case of Iran invigorated the estimate process. For a short time, the NIE became a valuable vehicle for contributing to the decision-making process.

The riots of 1963 represented an intelligence failure for the United States. Though the community predicted not only the crisis, but its outcome, it failed to bring the proper conclusions to the attention of policy makers, in part because these conclusions were only partially apparent to Iran specialists in the community. Rather than viewing the disturbances of 1962-1963 as an illustration of the level of popular

⁸² Ray S. Cline, *The CIA Under Reagan, Bush, and Casey: The Evolution of the Agency from Roosevelt to Reagan*, (Washington DC: Acropolis, 1981), p. 221.

⁸³ Lawrence Freedman, *US Intelligence and the Soviet Strategic Threat* (Princeton, NJ: Princeton University Press, 1986), p. 31.

⁸⁴ US CIA, Director of Central Intelligence Directive 3/1, "Standard Operating Procedures for Departmental Participation in the Production and Coordination of National Intelligence," July 8, 1948. In "The US Intelligence Community: 1945-1980," Microfiche collection at the National Security Archives, Washington DC, document 1098.

dissatisfaction with the regime, Washington believed them to be a reactionary response to reform, and evidence of the Shah's determination to remain in power and modernize the country. American policy hereafter was predicated on the misconception that the political aspirations of the middle class could be supplanted by economic development and rising standards of living. Still, there were those inside the intelligence community who were not convinced that the Shah's reforms would translate into political stability.

These voices would become progressively fewer in the future. Over the next few years, the Shah would consolidate his power, exorcising the residual vestiges of the traditional, Musaddiqist, nationalist opposition. In addition, Iran would become an increasingly valuable US client and an important proxy in the Persian Gulf in the second half of the 1960's. Meanwhile, the new US President, Lyndon Johnson, would return to the Eisenhower policy of less critical support of the Shah. America's intelligence and policy establishments would become preoccupied with the Vietnam conflict, and US-Iranian military, economic, and political entanglements would expand in response to changing international considerations.

Chapter Three

Parting Ways: LBJ and the Divergence of Intelligence and Foreign Policy on Iran

“The history of the Pahlavi dynasty,” wrote Ervand Abrahamian, “is the history of two ongoing processes: the dramatic growth in the size of the state; and the equally dramatic loss of all social support.”¹ These processes were well underway by the time Lyndon Baines Johnson (LBJ) came to the White House. When LBJ began his presidency, stability in Iran was still thought to be a risky proposition. By the end of his administration, the Shah's regime was considered by many in Washington to be a secure, valuable ally. Indeed, by 1968, the Shah had achieved a level of stability hitherto unseen. Combining strategies of rapid industrialization with repression, the Shah would end the decade in a position of considerable power relative to his domestic opponents. Yet intelligence analysts in the United States reported on this stability specifically within the context of the short-term.

US policy placed great hopes upon the uncertain success of the White Revolution. The social, political, and economic dislocation inherent in the White Revolution, combined with the impact of rising oil prices, was not completely understood. Moreover, the high speed of modernization and the level of government mismanagement exacerbated this dislocation. Intelligence analysts argued that the Shah's consolidation of power was imperfect, that his strategies to maintain power in

¹ Ervand Abrahamian, *The Iranian Mojahedin* (New Haven: Yale University Press, 1989), p. 11.

his own hands were flawed, and that the regime's power base, balancing precariously on the hope of economic prosperity and political persecution, could prove to be non-viable in the long-term..

In effect, the LBJ administration signaled a paradigm shift with regard to Iran and the Shah's stability. In a peripheral way *vis-à-vis* the Arab-Israeli conflict and in terms of security in the Persian Gulf, by 1968 Iran was deemed to be a proxy for American national interests in the Middle East. This shift was systemic in the American foreign policy establishment, and in time it began to influence visibly the US intelligence community.

LBJ's Foreign Policy Style

American policy toward Iran changed significantly during the administration of LBJ. The new President's succession to power coincided roughly with the Shah's sizeable efforts to propagandize his reform program. The staff of the National Security Council was happy with what they saw in Iran and the President, for his part, was happy to leave Iran policy to his Secretary of State and National Security Advisor as he grew increasingly preoccupied with domestic reform and the conflict in Vietnam. Though Johnson had come to the White House with more experience on Iran than past presidents², in general he was not as comfortable in the realm of foreign policy as he was with domestic policy. Moreover, Johnson inherited a relatively calm Middle Eastern environment and felt little need to encourage change in the region in the way of his predecessor.

² LBJ had visited Iran while on a tour of the region as Vice President.

Philip Geyelin suggests that Johnson based foreign policy on mutual self-interest and exchange of support.³ The Shah's forceful personality matched that of Johnson and the two men liked each other. Moreover, the concerns of the old Kennedy liberals were overturned, not by more optimistic intelligence, but by a number of areas of mutual interest and support. Iran maintained a close economic and security relationship with Israel. Unlike the Israelis and many other American allies, the Peacock Throne was willing to lend diplomatic support for the American role in Vietnam. Finally, Iran was a friendly and consistent source of oil. All of these factors would become even more important after 1967.

Johnson was impressed with the White Revolution and the nature of the Pahlavi regime. The Shah's monopoly on power and his brutal reaction to the riots of 1963 were viewed by the administration with approval.⁴ In the Shah, America had an ally who was the best of both worlds: a tough but progressive ruler. Some in the Johnson White House resented the Shah's flirtation with Moscow, viewing improved Irano-Soviet ties as a weak attempt at extortion. In the end, however, LBJ saw the Shah as a defender of American interest in the region and was determined to return the favor.⁵ Thus the LBJ presidency signaled the end of American pressure on the Shah to reform.

From 1963 to 1966, American intelligence analysts were extremely concerned about the political, social, and economic dislocation produced by the White

³ Philip Geyelin, *Lyndon B. Johnson and the World* (New York: Praeger, 1966), p. 39.

⁴ Bill, *The Eagle and the Lion: The Tragedy of American-Iranian Relations*, (New Haven: Yale University Press, 1988), p. 156.

⁵ US National Security Council (NSC), "United States Strategy for Iran," circa, 1963. Reprinted in Yohnah Alexander and Allen Nanes eds., *The United States And Iran: A Documentary History*, (Frederick, MD: University Press of America, 1980) p. 356. Security classifications have been provided for documentation where possible. The security classification of some documents has been deleted as part of the declassification process.

Revolution. In the short-term, US analysts believed that the Shah's power base had deteriorated as he unsuccessfully courted the middle and peasant classes at the expense of his conservative and elite supporters. While elites were alienated by the Shah's new policies, transparent attempts to co-opt the professional middle class foundered to a significant extent. Meanwhile, the lower classes were alienated by reforms which succeeded only in raising expectations.⁶ Because the Shah had broken with his traditional elite support without successfully enlisting the support of other sectors of society, he was forced to rely more heavily on the support of SAVAK, thus perpetuating the process of alienation among politically aware Iranians.

Though hopeful in the long-term, the National Security Council was initially concerned about the Shah's position as a spate of worrisome intelligence products reached the Old Executive Office Building (OEOB). Thus, US strategy regarding Iran was intertwined with the fortunes of the reform program during this period and reflected the skepticism of the intelligence community. According to one NSC strategy paper, "the reform program would in the long-run increase stability and prosperity." Despite this optimism, the NSC was not ignorant of the political realities confronting the Shah: "he has aroused the animosity of the dispossessed elite and the fanatical clergy, and having not yet consolidated the support of the emancipated peasantry, he is dependent in the immediate future to a greater degree than ever on the support of the military and security forces."⁷ The report further states that the Shah would "face the near-unanimous opposition of the old elite elements and will not be

⁶ Bill, *The Eagle and the Lion*, pp. 167-168.

⁷ US NSC, "United States Strategy for Iran," p. 356.

able to mobilize effectively for political purposes the mass support upon which the success of the 'White Revolution' will eventually depend."⁸

The paper cited significant technical problems which were hampering reform. Land reform was moving too fast for the government to manage and business interests were frightened. In the short run, this would lead to disruption of agriculture and marketing, disorder in the countryside, and dislocations in other sectors of the society.⁹ A Bureau of the Budget study sent to Robert Komer on the NSC staff in 1963 echoed several of the CIA analyses of this period. The Bureau found the White Revolution to be, contrary to the opinion of many in Washington, limited in scope and planning. The Shah's reforms neglected economic and administrative foundations, urban discontent was bound to increase, and farm production would probably decline.¹⁰

Political Underdevelopment and Opposition to the Regime: 1963-1966

Following the June 1963 demonstrations, the Office of National Estimates (ONE) remained highly concerned about long-term stability in Iran. The National Intelligence Officer with responsibility for Iran, George Harris, was seconded to the office in 1962 from the Bureau of Intelligence and Research to draft estimates on Iran. Harris believed the White Revolution to be largely a propaganda exercise and argued that the political realities in Iran had not been altered for the better since the

⁸ US NSC, "United States Strategy for Iran," p. 359.

⁹ US NSC, "United States Strategy for Iran," p. 356.

¹⁰ US Bureau of the Budget memorandum for Robert Komer, May 7, 1963. Quoted in Barry Rubin, *Paved With Good Intentions: The American Experience and Iran* (New York: Oxford University Press, 1980), pp. 112-113. This analysis closely resembles those of the CIA during the 1963-1964 period. A Special National Intelligence Estimate (SNIE) produced shortly after the unveiling of the reform program maintained that land reform would succeed only if cooperatives could be properly organized. Otherwise, the financial requirements of planting and marketing would be beyond the grasp

unveiling of the reform program. The 1964 NIE on Iran declared; "it remains uncertain whether modernization in Iran will proceed relatively peacefully or whether violence and revolution are in store."¹¹

The thirteen-page estimate chronicled the progress of the reform program and enumerated the various problems facing the crown. According to the estimate, the short-term chances that the Shah would retain power were good, given the reliability and efficiency of the security forces and the military. However, the reforms, though largely illusory, had called into being political forces that would, in one way or another, bring change to Iran. Though the opposition in Iran was disorganized and divided, a schism existed between the authority of the Shah and the majority of Iranian society. Thus, while there existed no immediate threat to the monarchy, Iran was far from stable.¹²

The major political problem for the crown continued to be the development of a base of popular support. Rather than mobilizing Iranians around the Peacock Throne, the White Revolution helped to alienate much of the middle classes while fostering the political awareness of the lower classes.¹³ Among the middle classes, the reforms had aroused the animosity of the clerical opposition:

The religious hierarchy in particular sees the reform program as striking at its power and interests. The mullahs have taken the lead and played a major role in the agitation against the government which

of the average peasant. This assumption proved to be entirely accurate. See Chapter 2, US CIA Special National Intelligence Estimate, 34-63, April 10, 1963.

¹¹ US CIA, Secret National Intelligence Estimate (NIE), NIE 34-64, "Iran," March 24, 1966. In "The Making of US Policy in Iran: 1977-1980," microfiche collection in the National Security Archives, Washington DC, document 548. Hereafter cited as "Making of US Policy."

¹² US CIA, NIE 34-64, p. 9.

¹³ Everard Abrahamian *Iran Between Two Revolutions* (Princeton, Princeton University Press, 1982), pp. 432-435. Abrahamian defines the class structure in Iran during this period as follows: The upper class: the Pahlavi family; aristocratic families; senior civil servants and military officers; entrepreneurs. The propertied middle class: bazaar merchants, shopkeepers, and entrepreneurs; clerics; commercial farmers. The salaried middle class: professionals; civil servants; students; white collar workers. The working class: rural and urban wage-earners, landed peasants, industrial workers.

led to widespread popular demonstrations in June 1963. The government's vigorous suppression of these demonstrations and its continuing strong pressure against religious dissidents has severely weakened this segment of the opposition. Furthermore, the mullahs have for some time been hampered by their inability to agree on an overall leader and their disunity and confusion have been compounded by the government's tactics of alternatively arresting and releasing the leading religious figures.¹⁴

Indeed, clerical opposition to the regime was by no means united after 1963. A large segment of the religious community remained strictly apolitical, preferring instead to focus on spiritual matters. A second segment of the religious community formed the moderate clerical opposition to the Shah. This group maintained close contact with the National Front and the Liberation Movement of Iran (LMI).¹⁵ Through an open dialogue with the Shah, these clerics hoped to moderate the Shah's policies in areas such as land reform and women's suffrage. Still a third group of clerics comprised the militant clerical opposition to the Shah and fervently advocated his overthrow. This group was headed by the Ayatollah Khomeini, based in Iraq.¹⁶ This division within the religious community prevented any clear leadership following the death of the Ayatollah Borujerdi in 1961. It was not until the late 1960s that Khomeini assumed the *de facto* leadership of the Shi'ite community.¹⁷ Thus the 1964 NIE demonstrated a strong understanding of the state of conservative religious opposition at the time.

In 1966, INR reported on the state of the religious opposition:

¹⁴ US CIA, NIE 34-64, p. 6.

¹⁵ The Liberation Movement of Iran had deeper religious roots than its secular counterpart, the National Front.

¹⁶ Everard Abrahamian *Iran Between Two Revolutions*, pp. 472-475

¹⁷ The title of the Grand Ayatollah (*marja -i taqled*) is a function of influence, reputation, and consensus in the Shia world. Roy Mottahedeh, *The Mantle Of The Prophet: Religion And Politics In Iran*, (New York: Pantheon Books, 1985), pp. 241-246.

Even before the launching of the reform program in 1963, these elements saw their position threatened by the increasing secularism of a modernizing Iran. This anxiety has been heightened by the regime's pressure for reforms and the effects of land reform on the income of the clergy. Prior to 1963, the government sought to placate the clergy by appointing cooperative mullahs to key religious positions. However, the subsequent developments have undercut much of the cooperation obtained in this fashion.

Although the mullahs would not in any case be expected to be sympathetic to the reform program, their opposition has been intensified by the Shah's personal identification with the reforms and by his decision to bypass the mullahs entirely in order directly to appeal to the masses for support. The Shah, by this action, left the mullahs with the choice of casting their lot with the opposition groups or acquiescing in the erosion of their influence with the masses.

While the older and more conservative mullahs vigorously condemn the Shah's reform program, the younger religious elements, particularly among the students of theology, may be more receptive to modernizing trends. However, if opposed to particular modernizing policies, no group can put up a more destructive resistance. Enlistment of the support of this sector of the religious community by co-opting elements of it into the power structure could pay dividends, but to be successful the effort would require the willingness of both sides to make concessions. The Shah has sent representatives to the clergy to request cooperation with the government's reform program, but he has so far failed in these attempts.¹⁸

The secular opposition to the Shah continued to suffer from factionalism and government persecution. The National Front showed "no signs of being able to overcome the factionalism that has prevented that movement from exerting effective opposition or developing a positive program of its own." After the 1963 demonstrations, opposition members had been rounded up and imprisoned wholesale. The Liberation Movement of Iran had been officially banned in 1963. This period represented a great decline in the strength of the traditional Musaddiqist secular nationalists. The secular nationalist opposition to the regime would gradually feature

less prominently in the reports of American intelligence agencies and in the political realities of the Iranian opposition. It is also during this period that the Embassy and the CIA station in Iran began to curtail their contact with the nationalist opposition in Tehran.

Significantly, the 1964 estimate pointed to the danger of growing extremism within the opposition. As the moderate opposition in Iran became co-opted or increasingly insignificant, extremists within the leftist and religious groups began to develop more radical covert organizations. Citing the Shah's continuing dependence on the security apparatus and the military, the CIA believed that the Shah had a good chance to retain power in the short-term, but noted "a continuing possibility that sooner or later the entire structure of the government and the society would either have to revolutionize itself or be overturned by self-appointed revolutionaries."¹⁹ Moreover, the Shah had completely failed to develop any political institutions which might survive him. The importance of this fact was made clear when two assassination plots shocked the regime. The next year the CIA reported that "among the National Front affiliates there is a trend toward championing the violent overthrow of the government. These elements apparently are making common cause with religious leaders who feel that the reform program is undercutting their traditional power base. In the past these religious figures have frequently shown an ability to stir the masses to protest demonstrations and violence."²⁰

Twice in 1965 this trend toward radical opposition to the regime was violently illustrated. In January, Prime Minister Hassan Ali Mansur was shot dead outside the

¹⁸ US DOS/INR, Secret "Studies in Political Dynamics: Iran," December, 1966, p. 27. In "Making of US Policy," document 603.

¹⁹ US CIA, NIE 34-64, p. 3.

Majlis building. Less than three month later, a member of the Imperial Guards fired on the Shah in the Marble Palace. Though the Shah escaped the attempt on his life, the political ramifications of both plots were apparent. Mansur's assassin, twenty-one-year-old Muhammad Bukhara'i, and three other young men were executed. All four men belonged to the Islamic Nations Party, a small right-wing religious group rooted in the urban lower-class. Fourteen men were arrested for the Marble Palace plot. These men averaged twenty-seven years of age and all were members of the leftist, secular opposition rooted in the middle class. "Taken together," notes James Bill, "the two groups charged with the two assassination plots represented the major opposition that would ultimately spearhead the Iranian revolution: the religious lower-class and the cluster of liberal and left-wing middle class intelligentsia. It was in the mid-1960s, therefore, when opposition began to develop covertly and informally in Iran."²¹

Such examples of instability did not go unnoticed by the State Department or the CIA, even if they carried less impact in the White House. In March 1966, the Agency warned that "the Shah's clear emergence as the dominant figure increases the already strong identification of the regime with his person. There have been several attempts on his life. Some have come perilously close to success." Now that opposition groups were becoming small and scattered, they were more difficult to identify and guard against.²² In the same month, INR reiterated this warning and added that because the inadequacy of urban life remain unrelieved, "the city dwellers

²⁰ US CIA, Special Report, "Reform In Iran: Progress And Prospects," 11 December, 1964, p. 7. LBJ Library, NSF, Box 116.

²¹ Bill, *The Eagle and the Lion*, p. 162-163.

²² US CIA, NIE 34-66: "Iran," March 24, 1966, p. 7. In "Making of US Policy," document 573.

are susceptible to radical influence and are responsive to demagogic leadership. These conditions, then, constitute a threat to Iran's stability."²³

Despite the relative advantage the Shah had over the opposition, continuing attempts to build support for the regime were unsuccessful. In 1963, the Iran Novin party was created as the central instrument of political control in Iran. Though the party served as a channel through which educated professionals could join the establishment,²⁴ boasting about 140 of the 189 deputies in the Majlis, the party was an "artificial creation without a popular base." When possible, the regime co-opted members of the middle class and the intelligentsia into the ruling establishment. Yet, these efforts were constantly backed up by the increasingly pervasive presence of the Secret Police. The Shah relied on SAVAK, according to the CIA, not only to neutralize the opposition but to "organize political support for the government" as well.

In December 1964, the CIA had reported that the new Prime Minister, Mansur, head of the New Iran Party (the government sanctioned single party in Iran) "has a long way to go to establish a genuine popular political base for the regime." The report continued:

With the Shah still personally dominating the government, political devices meet with apathy. The skeptical Iranians have seen the failure of previous attempts to set up nation wide political parties. The New Iran Party is widely thought of as a collection of office holders and office seekers. The party has notably failed to gain the support of Iran's small educated middle class, the group most important to the country's future.²⁵

²³ US DOS/INR, "Studies in Political Dynamics: Iran," p. 6.

²⁴ Bill, *The Eagle And The Lion*, p. 146.

²⁵ US CIA Special Report, "Reform In Iran," p. 6.

Thus unlike some of the Shah's counterparts in the Third World during this period, he was unable to create the appearance of mass participation. His single party state never generated any kind of ideological cohesiveness or support. Nor could the Shah surround himself with a cult of personality, despite the legions of sycophants in the court. As Barry Rubin writes, the Shah remained very much "a ruler, not a leader."²⁶ In essence, then, the central theme of many intelligence products of the time was that the regime had neither ideological nor institutional support.

In June 1964, Political Consul Martin Herz of the Embassy in Teheran produced an analysis of the "intangibles" of Iranian politics, supporting many of the intelligence community's arguments. The Embassy argued that though both the nationalist and the Muslim clergy did not pose a serious threat to the regime at the moment, "one of the most remarkable intangibles ... is that the regime has so few convinced supporters. Even members of the Establishment, loyal to the Shah, suffer from doubts about 'whether the regime deserves to endure ... there remains the fact that the Shah's regime is regarded as an unpopular dictatorship not only by its opponents but, far more significantly, by its proponents as well.'"

It was hoped that the White Revolution would empower the peasants through land reform and would recruit that segment of society as loyal supporters of the regime. The peasants, however, did not constitute a problem for the regime. According to Herz it was the middle class, seeking direct political participation rather than land reform, who were responsible for the "effervescence in Iranian politics." The elite and conservative "1,000 families" had not been significantly impaired by the White Revolution. Meanwhile, the political problems associated with uneven

²⁶ Rubin, *Paved With Good Intentions*, p. 114.

development still remained. Without political reform, the regime was forced to rely on coercive methods of ensuring stability. That this was a far-from-perfect solution was apparent to those charged with maintaining security. General Hasan Pakravan, the chief of SAVAK, was characterized as being "periodically in despair" owing to his feelings "that repression will not provide a solution to the lack of a broader popular consensus." In the final analysis, Herz concluded that "the reason the regime remains in power is "the inability of the people to conceive of, much less agree upon, a realistic alternative."²⁷

In retrospect, this analysis appears accurate. The influence of the wealthy families survived the early stages of the White Revolution, particularly land reform, through private investment in banking, manufacturing, foreign trade, and urban construction.²⁸ But the middle classes, both traditional and intelligentsia, harbored a number of grievances against the Pahlavi system. They resented their exclusion from the seats of power, the fact that the regime favored the wealthy at the expense of the middle and lower classes, and that the court favored Western rather than Iranian cultural sensibilities. Moreover, they viewed the regime as illegitimate because it had overthrown Musaddiq, their political hero. Finally, they rejected the pre-Islamic nationalist ideology of the regime and embraced a new vision of Islam. Inspired by intellectuals like Ali Shari'ati, this new vision held that Islam was a revolutionary

²⁷ US DOS, Embassy Tehran, Secret Airgram, June 15, 1964, reprinted as "A View from Tehran--A Diplomatist Looks at the Shah's Regime in June 1964," Institute for the Study of Diplomacy, Georgetown University Library (Washington, DC, 1979), pp. 6-7. The author of the airgram, Martin Herz, drew on intelligence from other members of the political section and the CIA to prepare the document. Herz argues that "the most distressing aspect of this situation is that concessions made to popular (or rather, middle-class opposition) pressures, for instance by giving leeway for freedom of expression and assembly, are quite likely to be the very thing that might set off a revolution in Iran...The Shah...is riding a tiger from which he can not safely dismount." It is worth noting that the riots of late 1977 occurred during a time of relaxed controls on assembly and expression. p. 10.

²⁸ Fred Halliday, *Iran: Dictatorship and Development* (New York: Penguin Books, 1979), p. 151.

force, capable of speaking to the masses, inspiring revolt, and modernizing Iran without westernizing it.²⁹

In December 1964, the CIA asserted that the program was alienating the Shah's supporters among the wealthy classes, but their influence in the country's administration had not lessened significantly. Moreover, the Shah had not yet achieved "mass political support; peasants still lack the effective instruments to register their approval of his program, and the urban population is skeptical of his motives. Disruptions brought about by the reforms meanwhile threaten an economic crisis and a possible reversal of what he terms his 'White Revolution.'"³⁰

The report surmised that, "if a revolution is measured by the extent it disrupts established patterns, the Shah's reforms are successful. At this stage of its execution, however, the problems threaten to smother the achievements." Peasants were not adjusting to their new responsibilities and the program is more likely to "arouse their expectations of great benefits than to equip them with the means or realizing them." Increased migration to the cities and increased urban aggravation could be expected.³¹

INR agreed with the CIA that the Shah had alienated the landlords and the clergy without winning over the bulk of the reform-minded intellectuals and members of the middle class. In addition, no guarantee existed that, once awakened to political consciousness, the peasantry would provide the loyal support the Shah sought. "Rising expectations, both political and economic, are at least as likely to

²⁹ Abrahamian, *Iran Between Two Revolutions*, pp. 472-473.

³⁰ US CIA, "Reform In Iran," p. 1.

³¹ US CIA, "Reform In Iran," pp. 3-4.

produce increasing dissatisfaction with the pace and scope of the reform program as they are to engender gratitude for the gains already achieved."³²

INR argued that the true nature of the White Revolution was to pre-empt the opposition's demand for political reform by instituting social and economic reform instead. By doing this the Shah hoped to convey an image of himself as "a reform-minded king battling the forces of reaction as he leads his backward people into the twentieth century." The impetus for reform did not come from the peasants, rather the decision came from the top and was designed to improve his image abroad. "Over the long run," according to the document, "the Shah faces the risks inherent in the political forces unleashed by the reforms. He is, in effect, attempting to shift the basis of his political support from traditional elite groups to the peasantry. Unless and until the peasants develop as a powerful pro-Shah element--at best a long range proposition--he must operate from a political base even narrower than before reform."³³

A perennial obstacle to expanding support for the regime continued to be the Shah himself. As INR noted, the Shah demonstrated little interest in accepting members of the opposition as allies. Consequently, he had "lost for his cause some of the elements most capable of making the reform program effective." According to this view, the Shah was caught in a trap of his own design:

Should the reform program be fully successful which, under the circumstance, is not any too likely, the Shah may be able to continue to concentrate all power in his own hands and to spurn domestic alliances. It is more probable, however, that the opposition, though now disorganized, will take advantage of the inevitable setbacks and signs of popular dissatisfaction to chip away at the Shah's position.

³² US DOS/INR, Confidential/Noform Research Memorandum, "Land Reform in Iran: Implications for the Shah's 'White Revolution,'" February 8, 1965, p. 5. In "The Making of US Policy," document 548.

³³ US DOS/INR, "Land Reform in Iran," pp. 1-2.

Eventually, the various opposition factions may be driven together by a common desire to limit the Shah's power...The land reform program could lead to the very political adjustments the Shah has so far sought to avoid.³⁴

"His tendency in the past," asserted the CIA in 1964, "has been to use reform as a palliative when pressed and he may draw back once more. Nevertheless, the Shah does appear convinced that his 'White Revolution' has thus far been a notable success, and his self confidence has clearly been enhanced. The success of the Shah will depend on whether his initiatives translate into a broader base of support." Then the test would be whether he would be willing to share power with the political forces he had called into being. The reform program had thus created forces that would, in one way or another, bring basic change to Iran. Either the Shah would open the decision-making process to broader participation, or the regime's support base would continue to shrink and, as a consequence, risk instability. In 1966, the Agency reported that the "Shah will probably remain firmly in control, though the bulk of the educated middle class probably will remain estranged from the regime." Though more sanguine than INR about the Shah's situation, the Agency still maintained that there was plenty of room for caution. "The Shah's main domestic political problem is to broaden the narrow base of support for the regime...In time the disaffection of the middle class elements might pose serious problems for the regime, particularly if they find supporters within the military."³⁵

In December 1966, INR produced a comprehensive study on Iran entitled "Studies in Political Dynamics." The study painted a picture of the power structure in

³⁴ US DOS/INR, "Land Reform in Iran," p. 5.

³⁵ US CIA Secret NIE 34-66, p. 6. One gap in the political intelligence on Iran was confessed in the estimate. The Agency's knowledge of the political attitudes of officers in the military was "limited," but it was assumed that they would remain loyal to the regime. This is a point of some relevance

Iran as inherently unstable. The methods employed by the Shah to maintain control were ill-conceived. The reform program had created more problems than it had solved. The study demonstrated that the dual strategies of co-optation and repression were flawed.

Reform in Iran, according to the study, was far from a panacea: "The large urban proletariat has benefited from broadening opportunity for education, but with the result that it increasingly focuses on political rights that it does not enjoy. A similar trend is further advanced in the burgeoning middle class and among the intelligentsia." Moreover, as the middle class began to grow, it would be impossible to absorb all of them into the system. Thus, "as the number of educated people increases and as more people rise above the subsistence level, the potential for political upheaval will increase. The Shah is aware of these tensions, but has not yet adopted political devices to cope with the problem, notably any means of bring about broader participation in the political process."³⁶

Perhaps the most remarkable component of INR's argument was that it questioned the institutional legitimacy of the monarchy itself. "In spite of the elaborate edifice the Shah has built to bolster his regime," the analysis claimed, "as Iran becomes more modern, images become less important than realities, and over the long run, the need for the monarchy as it presently operates may diminish."³⁷ At the heart of this assertion was the contradiction between modernization and socioeconomic development on the one hand, and the exclusive nature of the political marketplace on the other. Iran had made appreciable economic progress, "but its

considering that the CIA had long contended that the military represented the only institution capable of filling the ensuing power vacuum should the Shah be assassinated.

³⁶ US DOS/INR, "Studies in Political Dynamics," pp. ii-iii.

³⁷ US DOS/INR, "Studies in Political Dynamics," p. 14.

political system has not made a parallel advance and may, in fact, be retrogressing.” The report continues: “In spite of the short-term political gains achieved by the ‘White Revolution,’ it is unrealistic for the regime to assume that political development can be held back while the modernizing forces implicit in economic development are at work in Iran.”³⁸ Thus as new actors in the system rose to claim political participation commensurate with their economic and social standing, the institution of the monarchy would likely be unable to respond to the demands of its environment. Put simply, “the realities of the future will not include the indefinite prolongation of one-man rule: in some fashion that cannot yet be discerned, it appears likely that the Shah will confront a choice between allowing greater participation in government or seriously risking a fall from power.”³⁹

If the monarchy was an imperfect political institution, so too were its pillars of support. INR held that the bureaucracy and the military constituted the two major pillars. However, the state bureaucracy, bloated and resistant to change, was developing into a major political force and an obstacle to reform. “The security forces,” according to the study, “have contributed to a short run political stability. However, the use of the security forces to repress political opposition may have deepened popular discontent and, over the longer run, may contribute indirectly to political instability.”⁴⁰ Iranians as a whole, and the educated minority in particular, shared “a cynical attitude toward the army.” In technical terms, the military suffered from such weaknesses as a low level of education and technical competence, inept leadership, supply and administrative problems, cumbersome command systems, and

³⁸ US DOS/INR, “Studies in Political Dynamics,” p. 28.

³⁹ US DOS/INR, “Studies in Political Dynamics,” p. iv.

⁴⁰ US DOS/INR, “Studies in Political Dynamics,” pp. 16-17.

inadequacies in transportation and communications.⁴¹ Thus, even assuming the loyalty of the military could be taken for granted, (by no means a safe assumption according to the analysis), its efficiency could not. The Shah continually fostered an environment in which military and bureaucratic personnel were surrounded by suspicion, rivalry, and intrigue. That these institutions would eventually be incapable of responding effectively to systemic political and socioeconomic change is hardly surprising.

This was a sophisticated and damaging argument but it is perhaps not surprising that it found few sympathizers within the policy establishment in Washington. The proclivity towards centralization of power in the hands of the Shah was probably seen as a necessary evil both in order to modernize Iran in the image of the West and in order to maintain Iran's alliance with the West. As intelligence analysts had noted in the past, the concert between American and Iranian foreign policy was increasingly identified by most Iranians with the person of the Shah. Given the more neutralist tendencies of the nationalist opposition in Iran, Washington also identified increasingly with the Shah. Archie Bolster, one of the authors of the 1966 INR study, had been stationed in Tehran and possessed first-hand knowledge of the opposition. According to Bolster, despite a tremendous range of critical reporting, the Embassy line under Ambassador Armin Meyer was that the Shah was the lynch pin of American interest in Iran. It was not until Bolster reached INR from Tehran that he felt free to express his critical views about the regime. According to Bolster,

⁴¹ US DOS/INR, "Studies in Political Dynamics," p. 16.

Ambassador Meyer found the critical tone of the Political Dynamics paper to be unhelpful.⁴²

With the benefit of hindsight, the 1966 INR analysis seems astute. In the years since the Iranian revolution, two general theories have been advanced to explain it. The first theory asserts that the Shah modernized the country too quickly for the traditional sensitivities of Iranian society. The second theory argues that the Shah did not modernize fast enough and thoroughly enough to overcome his problems of legitimacy arising from the 1953 coup. Ervand Abrahamian argues that both these theories are half right and half wrong. The Shah modernized on a socioeconomic level that expanded the ranks of the middle and industrial working classes, but failed to modernize on a political level. This failure strained the links between the regime and civil society, widening the gap between the ruling elite and the new social forces brought into being by reform. This argument resembles closely that of the INR Political Dynamics study. More than a decade and a half later, Abrahamian wrote:

Although the Shah modernized the socioeconomic structure, he did little to develop the political system - to permit the formation of pressure groups, open the political arena for various social forces, forge new links between the regime and the new classes, preserve the existing links between the regime and the old classes, and broaden the social base of the monarchy that, after all, had survived mainly because of the 1953 coup d'état. Instead of modernizing the political system, the Shah, like his father, based his power on the three Pahlavi pillars: the armed forces, the court patronage network, and the vast state bureaucracy.⁴³

The fragility of the regime in Iran was apparent in the mid-1960s to others outside the intelligence community as well. In an article in *Foreign Affairs* in 1964, Hossien Mahdavy wrote that land reform was largely ineffectual and had failed to

⁴² Archie M. Bolster, Oral History Interview, January 14, 1992 in the Foreign Affairs Oral History Collection, Bollen Library, Georgetown University, Washington DC.

mobilize the still inarticulate peasants. By the end of the second stage of land reform, the government's revolutionary zeal had been replaced with "almost counter revolutionary solutions," landlordism continued, and opposition to the regime was organizing itself into more violent forms. Most significantly, the government, by centralizing and extending its power into the countryside largely untouched by land reform, had invited the disdain of the peasants rather than their support.⁴⁴ Throughout the decade, Professor T. Cuyler Young of Princeton University also communicated his critical opinions about the stability of the Shah's regime.⁴⁵ Together with sensitive and experienced working-level Foreign Service officers and intelligence analysts, Young and Mahdavy increasingly represented the minority view in the American foreign policy establishment.

Given the above, opposition to the regime, though "more a state of mind than a reality," remained a pervasive problem. As long as opposition was given no outlet, the political climate, in the words of INR, was "fundamentally unhealthy."⁴⁶ Moreover, the reform program complicated this situation considerably: "Iran has embarked upon an evolutionary approach to modernization, but if deliberate, cautious change should fall short of popular expectations, as well it may, it could create a climate favorable to extremism and revolutionary change." Thus, the study concluded:

The perpetuation of one-man rule does not augur well for the long-term stability in Iran...The malaise of Iranian society and, more

⁴³ Abrahamian, *Iran Between Two Revolutions*, pp. 426-435.

⁴⁴ Hossein Mahdavy, "The Coming Crisis in Iran," *Foreign Affairs*, 44, (October 1965), pp. 134-146. Mahdavy names Khomeini as the most prominent religious leader in Iran and as a virulent opponent of the regime. He also notes the growing anti-American component of the opposition in Iran and makes reference to the 1964 SOFA.

⁴⁵ Bill, *The Eagle and the Lion*, 175-176. Young was highly concerned with growing corruption and repression in Iran as well as the ever-larger American military presence.

⁴⁶ US DOS/INR, "Studies in Political Dynamics," p. 20.

specifically, the nature and extent of the forces of opposition, are partially obscured by repression which limits the access of observers and which may result in greater clandestine activity. Thus, while there is no evidence that a conflagration is imminent, there is no room for complacency. The present situation in Iran does not exclude the possibility that the chances for an eventual upheaval may be greater than currently estimated. The extent to which a plotting potential exists among various groups, which may take the form of random acts of terrorism and sabotage, cannot accurately be gauged, but should not be overlooked. Even the loyalty of the security forces, which constitute a major pillar of support for the regime, cannot be taken entirely for granted. Iran, therefore, is a nation with an inflexible political structure that is in effect a projection of one man.⁴⁷

Arms and the Shah: 1966-1969

The 1966 Political Dynamics study represented a zenith of intelligence analysis on Iran. Hereafter, intelligence on Iran began to focus on the Shah's value as an American ally. In the process, intelligence reporting assumed a less concerned tone about the Shah's domestic position. Ironically, the switch to less critical intelligence analysis on Iran was preceded by an intelligence success in the Middle East. In late May 1967, Gamal Abdul Nasser imposed a blockade on shipping in the Gulf of Aqaba and the combined forces of Syria, Jordan, and Egypt began to mobilize. An incredulous President Johnson was presented with estimates from both the CIA and DIA which concluded that Israeli forces would defeat UAR forces within days should a conflict ensue.⁴⁸ On June 5th, the third Arab-Israeli conflict in as many decades began as the Israeli Defense Forces launched a dramatically successful preemptive strike.

⁴⁷ US DOS/INR, "Studies in Political Dynamics," p. 30.

The strategic balance in the Middle East changed significantly after the Six Day War. If American interests in the region were relatively secure *vis-à-vis* the Soviet Union at the time Johnson became President, the same could not necessarily be said after the 1967 conflict. Soviet influence had grown appreciably after the conflict as the USSR supplied and resupplied radical Arab states with billions of dollars worth of arms. Iran's intention to partake of Soviet arms during this period did not go unnoticed in Washington, nor would the Shah have preferred that it would. American support of Israel had precipitated the use of the "Arab oil weapon," albeit with little success. The rising tide of Arab nationalism was significantly limiting Washington's room to maneuver. Then in 1968, the British announced that they would withdraw all forces east of the Suez Canal, leaving in effect a power vacuum in the Persian Gulf. The consequences of this decision will be discussed later in this chapter and the next, but it is pertinent here to note its effect on Washington. The projected British withdrawal from the Persian Gulf was the climactic factor in a confluence of events which highlighted the value of Iran under the Shah in the eyes of American policy makers.

There is no precise date when intelligence on Iran began to assume a less critical tone. By 1967, however, reporting on Iran became less conspicuously critical. In part, this was a function of the changing international environment described above. By 1966, products on Iran began to focus increasingly on international themes. Thus it can be said that intelligence during this period was a better reflection of the interests of policy makers who were increasingly concerned with regional security issues. In keeping with the attitudes emanating from the White House, the

⁴⁸ Christopher Andrew, *For the President's Eyes Only: Secret Intelligence and the American*

days when intelligence products stressed the necessity of reform and political liberalization in Iran were rapidly coming to an end.

Here a short digression is in order. By the middle of the decade, the US-Iran relationship was evolving quickly. The fact that the regime's domestic critics were in such deep disarray allowed the Shah a great deal of autonomy *vis-à-vis* his own people. Free of societal constraints, and no longer dependent on outside sources of political support, the policies of the Iranian state began to reflect the independent proclivities of the Shah. Thus the Monarch began to develop a more independent posture in the 1960s. In doing so, the close security ties which had once existed between Iran and the US began to erode somewhat. The close liaison between the CIA and SAVAK, for instance, became less so during this period as SAVAK began to diversify its working relationship with other foreign intelligence services, particularly Mossad. In the area of arms sales, Iran began to look toward the French, British, and in 1967, even the Soviets for military equipment.

The extent to which the US-Iranian relationship began to loosen should not be overstated, however. Between the Shah and Washington there remained a community of interest that would continue to ensure close cooperation. What was changing was a relationship based on the dependence of a client state to one of mutual dependence and autonomy. What was really declining was Washington's ability to significantly influence policy in the Marble Palace. Oil was flowing, the Iranian domestic situation was at least placid if not tranquil, and the Shah was beginning to assert himself as a useful, reliable American ally. In November 1967, the Agency for International Development (AID) closed operations in Iran. Intelligence which

highlighted the shortcomings of the Iranian power structure and societal angst must have seemed out of fashion. Meanwhile, with more freedom of action than he had ever experienced in his troubled reign, the Shah looked to become a player on the world scene. Naturally, his eyes turned to the Persian Gulf.

Given the changing regional environment, there seemed to be good arguments for acceding to the Shah's ever-increasing demand for sophisticated weaponry. After all, if the United States was limited in its ability to act in the Middle East, then a stable, strong Iran could be a valuable ally. The complicating factor, of course, was that the Shah had an agenda of his own, and it was not always aligned with that of the US. Nasser was a perennial preoccupation for the Shah at a time when the United States was trying to maintain some line of communication with Cairo and prevent an all-out arms race in the region. The Shah was annoyed by American food aid to Syria and Egypt and by the US recognition of the Egypt-sponsored republic in Yemen. "The Shah has become fixated on Nasser as a threat," reported the CIA in May 1966, "and sees Iraq as simply a tool of Egyptian aggression. Thus, he is insistent on adding to his country's armaments in the assumption that the US would not stand by him in the event of an attack. He has made it clear that he will go elsewhere for arms if he can not get equipment quickly and on favorable terms."⁴⁹ The CIA argued that the Shah's attitudes stemmed from an exaggerated opinion of the UAR's capabilities.⁵⁰

This placed the United States in a tight spot. According to Howard Wriggins of the NSC staff, if the Soviets were escalating the threat to the Gulf by arming their

⁴⁹ US CIA, Intelligence Memorandum, "The Arab Threat To Iran," May 21, 1966, p. 4. In DDRS, 1989. The Shah's belief that the United States was unwilling to defend Iran was based on the example of United States inaction in the Pakistan-India conflict.

⁵⁰ US CIA, NIE 33-66, p. 4.; US CIA Intelligence Memorandum "The Arab Threat To Iran." The CIA found that the Shah's fear of Nasser was not entirely groundless. The oil-rich province of Khuzistan and

clients, so too was the Shah by assuming the "prompt effectiveness of Soviet equipment."⁵¹ Moreover, the CIA believed that the Shah's "predilection to believe the worst of Nasser leads him to put all available facts, rumors, intelligence reports, and suspicions into a pattern which proves to him that Nasser is out to overthrow his government."⁵² The report continues:

US economic assistance to Nasser tends to bolster the Shah's conviction that he would have to stand alone against the Arabs. He gives every sign of being determined to add substantially to his country's armaments, whether or not the US Government agrees with his assessment of the Arab threat, and has made it clear that he will go elsewhere if he cannot purchase additional military equipment quickly and on desirable terms from the US.⁵³

If the Shah was going to buy arms in volume, then it would be from the US. American policy makers recited a litany of rationales for opening the floodgate of weapons to Iran: intelligence which argued to the contrary played little role in the decision-making process. In actuality, the reversal of Washington's position counseling moderation in this area occurred shortly after Johnson came to the White House. In 1964, the administration endorsed an arms acquisition program for Iran totaling \$200 million. It is commonly held that this new and generous arms package was the product of changing perceptions in the United States as to the status of the Shah's socio-economic reforms.⁵⁴ If this was the case, then these perceptions were obviously not based on US intelligence reports.

the offshore slands provided for nearly 75 percent of Iran's foreign exchange earnings. These areas, with their high concentration of facilities, were vulnerable to sabotage.

⁵¹ US NSC, Secret Memorandum For Mr. Rostow From Howard Wiggins, July 25, 1966. In DDRS, 1994.

⁵² US CIA, Intelligence Memorandum "The Arab Threat To Iran," p. 3.

⁵³ US CIA, Intelligence Memorandum "The Arab Threat To Iran," p. 4.

⁵⁴ Ramanzani, *Iran's Foreign Policy 1941-1973: A Study of Foreign Policy in Modernizing Nations*, Charlottesville: University Press of Virginia, 1975), p. 361.

In 1966-1967, the Shah pressed the United States for more sophisticated weaponry. He wanted a comprehensive radar system, a ground-to-air missile system, supersonic aircraft, and long-range surface-to-surface missiles. In November, Washington promised the Shah two squadrons of F-4 Phantoms and other equipment on an easy-credit basis. To justify the sale, the State Department cited the radical Arab threat: "the military justification of the sale rests on the Shah's fears of radical Arab aggression ... the sale of the second squadron of F-4s would be a vital part of the defense of Southern Iran."⁵⁵

In Washington the bureaucratic battle lines were being drawn. In countering the State Department's threat assessment, the CIA found an unlikely ally in the Department of Defense. The Pentagon's International Security Agency (ISA) felt that the Iranians were over-spending on arms. Moreover, the ISA believed that there was no immediate threat from the Soviet Union. The ISA would consistently argue this position until the fall of the Shah in 1979. Senator William Fulbright, chairman of the Senate Foreign Relations Committee, concurred.⁵⁶ At higher levels in the US government, however, momentum was building in favor of increased arms sales. The President's National Security Adviser, Walt Rostow, argued for the arms sales, as did Secretary Dean Rusk, though Robert McNamara was less favorably inclined.

Ambassador Meyer lobbied hard for weapons for the Shah. In a meeting with Robert McNamara, Meyer and the Secretary of Defense argued about the issue. McNamara felt strongly that the Shah should not receive any new weapons from the United States that he could not afford to purchase. Meyer returned to Iran

⁵⁵ US DOS, Secret Memorandum for the President, "Approval of New Military Sales Credits for Iran," Rusk to the President, May 12, 1967, p. 2. LBJ Library NSF Box 136.

discouraged. The Ambassador recommended to the Israeli representative in Iran that the Israeli Prime Minister might discuss the matter with President Johnson. According to Ambassador Meyer, this is exactly what took place. After meeting the Israeli Prime Minister, Johnson insisted in a Tuesday Lunch that Rusk and McNamara should clear the way for weapons sales.⁵⁷

Then in 1968, the British announced their planned withdrawal from the Persian Gulf, and the die was cast. Given America's involvement in Vietnam and the domestic reaction to it, the US could not hope to replace the British presence in the Gulf. The Shah, however, was more than willing to fulfill the role. According to John Foster, the CIA station chief in Tehran, the Iranians assumed that they should fill the power vacuum left by the British. In May 1968, Foster wrote to Rostow about the Iranian position. The Shah had let his claims over islands in the Straits of Hormuz lie dormant as long as they were under British control. Now that the British were leaving the Gulf, the Shah was worried that the Arabs (Nasser) would take control of the islands and establish a naval base. "His fears may be groundless," Foster wrote, "but for him this is a real danger."⁵⁸

Nevertheless, in 1968 the Shah requested some \$600 million in advanced weaponry over the next five years.⁵⁹ The justification for this request rested upon the need to maintain security in the Persian Gulf. In May, the CIA reported that "...the Shah is determined not to permit any outside power to play an influential role in the Gulf after the British leave." Tehran's ambitions in the region were, according to the

⁵⁶ Rubin, *Paved With Good Intentions*, pp. 119-120. Each year the ISA was responsible for requesting a threat assessment from the Joint Chiefs of Staff in order to justify foreign military sales. After 1966, the ISA repeatedly argued that Iran was spending too much money on arms.

⁵⁷ Author's interview with Armin Meyer, December 11, 1995, Arlington, VA.

⁵⁸ US NSC, Secret Memorandum for Walt Rostow, "The Situation in the Persian Gulf," May 21, 1968, LBJ Library NSF Box 163.

Agency, disturbing Iran's relations with the Saudis and other states in the area. The Shah was insistent on pressing "maximum claims to undersea oil deposits" and he had repudiated an agreement with Riyadh establishing a median line in the Gulf after the discovery of large oil reserves. In addition, the Shah had begun to make claims to Bahrain and was pressing the British to cede control of the Tunb and Abu Musa islands -- held by the Shaikdoms of Ras al-Khaima and Sharja -- at the mouth of the Gulf.⁶⁰

INR argued that the Shah was determined to "purchase modern arms even if the expense causes stringencies in the development budget."⁶¹ In late 1966, an INR memo held that the Shah would diversify his weapons purchases in order to demonstrate his growing independence on the United States. This position sparked a minor controversy between Ambassador Armin Meyer and INR. Meyer felt that the United States should continue to sweeten the terms on which the Shah could purchase equipment. INR held that the Shah would still buy weapons from other sources, regardless of the terms.⁶² In the end, INR was correct.

Lip-service was still given to the need to maintain the proper balance of priorities in Iranian fiscal planning. "A problem exists," wrote Dean Rusk in 1967, "in the rapid growth of her [Iran's] military expenditures. They are projected to rise

⁵⁹ *New York Times*, May 22, 1968.

⁶⁰ US CIA, Special Memorandum, "The Shah's Increasing Assurance," May 7, 1968, pp. 6-7. In "Making of US Policy," document 663.

⁶¹ US DOS/INR, Secret Intelligence Note "Soviet-US Rivalry in Iran Focuses on Arms and the Persian Gulf," June 6, 1968, p. 2. In "Making of US Policy," document 670.

⁶² Author's interview with Archie Bolster, December 13, 1995, Arlington VA. According to Bolster, Meyer wrote a memo declaring that this analysis was unhelpful to the goal of maintaining influence with the Shah. This is a curious view. It is doubtful that the Shah would ever come across this classified intelligence memorandum. Meyer may have been concerned about his own attempt to gain more favorable terms for weapons purchases for the Shah.

from 6.4% this year to 9.1% in 1972-1973.”⁶³ Nevertheless, Rusk reiterated the increasing value placed on Iran as an ally:

What is at issue in considering the terms for military sales credits for Iran is our special relationship with Iran. This relationship provides the United States with many tangible assets. These include vitally important strategic communications and intelligence facilities, whose importance and size are likely to increase as a result of the loss of facilities in Turkey and Pakistan and the possibility of further such losses in the future. In this connection, additional intelligence-collection activities for Iran are already under consideration, one is currently being implemented.

Less tangible but nevertheless important is the opportunity our close relations with Iran provide us for influencing Iranian development in the direction of a stable, independent and prosperous country. With our help, Iran has made impressive progress in these respects. In recent years, the stability of her internal political system has been buttressed, her economy has been developing rapidly, and she has played a useful role in such regional matters as the Pak-Afghan dispute. At the same time, Iran has demonstrated her fundamental attachment to her alliance with the United States by contributing a medical team to our efforts in Vietnam.⁶⁴

Both Rostow and Rusk agreed that Ambassador Armin Meyer should reiterate to the Shah the need to keep military spending within bounds. However, all the men also agreed that the US should appease the Shah with a concessionary rate of 5 percent interest.⁶⁵ Thus the steady increase in foreign military sales (FMS) to Iran began. In 1965, FMS credits to Iran totaled \$48 million; \$90 million in 1966; \$161 million in 1967; \$100 million in 1968; and \$104 million by the time FMS credits

⁶³ US DOS, Memorandum for the President, "Approval of New Military Sales Credits for Iran," Rusk to the President, May 12, 1967, LBJ Library, NSF, Box 136. p. 1.

⁶⁴ US DOS, "Approval of New Military Sales Credits for Iran," pp. 4-5.

⁶⁵ US NSC, Memorandum for the President, "This Year's Military Sales to Iran," Rostow to the President, May 17, 1967, LBJ Library, NSF, Box 136.

ended in 1969.⁶⁶ These numbers were minor, however, compared with those of the early 1970s.

By the end of the Johnson administration, the CIA and other intelligence producers inside the US government had ceased to play a role in the formation of American's Iran policy. This was not simply a separation of the policy and intelligence functions; policy was formulated in an environment of disregard for intelligence. Important decisions concerning Iran were made by a small group of increasingly influential officials, generally within the NSC, in which the CIA found no representation. The consensus that had supported the intelligence community's more far-sighted products on Iran earlier in the decade was quickly evaporating in the face of foreign policy expediency.

This situation reflects the fundamental weakness of the CIA in the late 1960s. Without standing in the foreign policy establishment, intelligence analysis, no matter how "neutral," finds a very small, (or deaf), audience. This can have dangerous consequences. In the case of Iran, the process started by LBJ, that of bolstering the Pahlavi regime with arms and unqualified praise, would be perfected by the Nixon administration. American interests in the Gulf would depend on the "two-pillars" of Saudi Arabia and Iran to guarantee security. Never mind that the Saudi role, owing to their relative underdevelopment, would be more symbolic. The real muscle behind the two-pillar policy would come from that "island of stability," Iran.

The Domestic Scene: 1966-1969

⁶⁶ US Senate, *U.S. Military Sales to Iran*, A Staff Report to the Subcommittee on Foreign Relations, 94th Congress, 2nd Session, July 1976 (Washington, DC, 1976), p. 5.

It was the domestic political scene in Iran that also lent itself to the change in focus of intelligence reporting. The high level of repression and persecution during the second half of the decade greatly reduced political activity among the opposition groups. Having effectively neutralized the main political opposition groups, the Shah had reached a high level of autonomy *vis-à-vis* Iranian society.⁶⁷ The radical Shi'ite clergy were also the focus of much of SAVAK's attention at this time, with the result that open protest by the religious opposition was greatly limited.⁶⁸

Nevertheless, what passed for stability in Iran was a passive acquiescence to power. On the surface, there seemed to be much about which to be optimistic. Iran was beginning to develop rapidly, political opposition was well in hand, the state bureaucratic appendages were proliferating at a startling pace, and the Shah was acting with an assurance hitherto unseen. What had not changed, however, was the inherent weakness of the regime that was a result of the divide existing between it and civil society. The Pahlavi monarchy remained an institution from which the majority of Iranian society was estranged.

The success of the state in repressing anti-regime activities, however, helped to engender a new opposition that called for the overthrow of the Pahlavi system. These new groups can be categorized into three types: Marxist and secular Islamic

⁶⁷ Mark J. Gasiorowski, *US Foreign Policy and the Shah* (Ithaca: Cornell University Press, 1991), p. 189.

⁶⁸ Shahrugh Akhavi, *Religion And Politics In Contemporary Iran: Clergy-State Relations in the Pahlavi Period* (Albany: State University of New York Press, 1980), p. 159. The religious opposition was penetrated by SAVAK and the Endowment Organization (the organization charged with funding and oversight of religious institutions). Akhavi writes of religious opposition to the state: "After the coronation of the Shah in 1967, and the celebration of the 2500th anniversary of Persian monarchy in 1971, the room for criticism of existing lines of policy became so limited that any public complaint was known to produce military trials, quick convictions and long prison terms."

guerrilla groups, student-based groups operating abroad, and underground religious networks.⁶⁹

The CIA correctly identified the two main student associations abroad --the Iranian Students' Association in the US and the Confederation of Iranian Students in Europe -- but probably underestimated their significance. The Agency estimated that about 500 Iranian students residing in the United States participated in anti-Shah activities, concluding that these groups consisted of "communist sympathizers, National Front - oriented leftists, middle-of-the-roaders, and religiously oriented rightists." These groups, though vocal, lacked any ideological cohesiveness and were united only by their opposition to the Shah.⁷⁰ Though these groups tended to be small, they were quite visible in their harassment of the Shah and became an important conduit for recruitment for the opposition.⁷¹

On the subject of religious opposition to the regime, CIA reporting was more reticent and tended to take the regime's efficient suppression of this segment of the opposition at face value. As mentioned above, however, the religious community in Iran during this period was far from united. That segment of the community that constituted the radical religious opposition was headed by the Ayatollah Khomeini in Iraq. Thus the domestic religious opposition in Iran seemed to be well controlled by the Iranian security apparatus. In the late 1960s, Khomeini was only developing the

⁶⁹ Gasiorowski, *US Foreign Policy and the Shah*, pp. 189-190.

⁷⁰ US CIA, Secret Report, "Restless Youth," September 1968, p. 1-2. Miscellaneous document from the National Security Archives, Washington, DC. The CIA was probably quite familiar with the ISA. In actuality, the Iranian Students Association had been established in 1953 with the financial help of a group called American Friends of the Middle East (AFME). In 1967 *Ramparts* magazine published an exposé in which the AFME featured prominently as a CIA front. In 1961 the AFME cut funding to the ISA as its political activities began to focus on opposition to the Shah's regime. See, "How the CIA Turns Foreign Students into Traitors," *Ramparts* 5 (March 1967), p. 34.

⁷¹ Houchang Esfandiari Chehabi, "Modernist Shi'ism and Politics: The Liberation Movement of Iran" (Ph.D. dissertation, Yale University, 1986), pp. 367-375.

essentials of his ideological framework through a series of lectures at the main seminary in Najaf, Iraq.⁷² Thus the Agency's charge that the religious opposition had "little vigor" was not without justification.⁷³

The CIA was not altogether blind to "conservative" influence in Iranian society. In 1968, the Agency reported that the Iranian universities provided a receptive forum for religious dissidence:

Iran's universities are in transition, changing from a system of memorization and learning by rote to a more flexible, creative approach. Conservative, religious-oriented students find this modernization threatening. Pahlavi University's demonstration centered around dissatisfaction with "foreign teachers, and "insults to Islam," for example. Others undoubtedly believe that modernization is not coming fast enough, and that their training still is not relevant in the modern world.⁷⁴

"The Embassy in Tehran," according to the report, believed "that in universities such as Pahlavi, which are located in less urban areas, Muslim religious leaders still have an influence over youth."⁷⁵ Nevertheless, those reporting from the field generally held that the religious community in Iran represented the "heavy hand of the past," and adequate attention was not given to this dimension of the opposition.⁷⁶

Significantly, the charge that the CIA was preoccupied with the leftist opposition is not valid. Of the Soviet-backed Communist party in Iran (Tudeh), the CIA held that the regime had "firmly suppressed the party since its peak of popularity in 1952-1953, and the USSR's change of policy since 1965 probably gave the death

⁷² Abrahamian, *Iran Between Two Revolutions*, p. 476.

⁷³ US CIA, NIE 34-66, p. 6.

⁷⁴ US CIA, "Restless Youth," p. 3.

⁷⁵ US CIA, "Restless Youth," p. 4.

⁷⁶ Archie M. Bolster, Oral History Interview, January 14, 1992.

blow to any party hopes for coming to power in the foreseeable future.”⁷⁷ Likewise, INR reported that the National Front and the Socialist League had been “destroyed in all but name.”⁷⁸ Indeed, the regime had been able to neutralize the Communists, nationalists, and other independent opposition groups through repression and mechanisms designed to co-opt. During this period most of the leaders of the national front and the Liberation Movement of Iran remained in prison, and their organizations remained inactive until the revolution. The ranks of the Tudeh party had been decimated following the 1953 coup, and it also showed little sign of activity. Collective political activity in opposition to the Shah, other than covert terrorist groups, would not make a resurgence until 1977.⁷⁹

Thus it was that by 1967 the CIA was characterizing the Shah's regime in the following terms:

Iran is stable and continues to sustain a high level of economic growth. This strong domestic base has contributed to the Shah's increasing self-confidence and has further nurtured his ambitions for even more rapid development. It had also provided the backdrop against which he could for the first time decrease his dependence on the US.⁸⁰

Milani asserts that Iran remained stable during this period, despite the lack of durable political institutions, for three reasons: international support for the regime, economic expansion, and efficient repression of dissent.⁸¹ Still, participation in the

⁷⁷ US CIA, National Intelligence Survey, No Title, November, 1968 In “Making of US Policy,” document 698. The consequences of improved Irano-Soviet relations for the Tudeh party were summarized as follows: “The Tudeh is under orders to avoid criticism of the Shah and his regime and to stress the closeness of the USSR and Iran, two themes that must be galling to old-time members. The few tracts that are published carefully adhere to these restrictions.”

⁷⁸ US DOS/INR, Secret Intelligence Memorandum, “The Shah of Iran as a Nationalist,” March 27, 1968, p. 7. In “Making of US Policy,” document 658.

⁷⁹ Gasiorowski, *US Foreign Policy and the Shah*, pp. 187-189.

⁸⁰ US CIA, Secret Intelligence Memorandum, “The Shah Of Iran And His Policies,” June 5, 1967, p. 4. In “Making of US Policy,” document 623, p. 4.

⁸¹ Mohsen M. Milani, *The Making Of Iran's Islamic Revolution: From Monarchy to Islamic Republic* (Boulder: Westview Press, 1994), p. 70.

decision-making process worried some analysts in the United States. The Shah was not prepared to allow outspoken opposition to his regime, and there was no "legitimate outlet for the expression of antiregime sentiment."⁸² This engendered a pervasive political apathy in Iranian society that was all too often misinterpreted in Washington as stability.

In August 1967, elections for the Senate and lower house of parliament were held. Prior to the elections, the CIA reported that both the government and opposition party's candidates had been carefully chosen to ensure complete support for the Shah's program. Therefore, the elections would "have no impact on Iranian domestic or foreign policies and the entire process has been marked by almost total public apathy."⁸³ In order to create the impression of a free contest, the government would allow opposing candidates to run and would emphasize the participation of political parties. Every candidate, however, had been personally approved by the Shah.⁸⁴

The Embassy and consulates reported "widespread public apathy and disinterest in the elections."⁸⁵ The reason for this apathy was apparent and illustrated the illusory character of party politics in Iran: "The outcome of the elections is generally a foregone conclusion and there will be no real opposition, no real debate on policy issues, and thus no meaningful choice among the candidates." The Shah believed that political parties would have to "mature" before they be allowed any real latitude. The Shah was "determined to achieve more economic and social progress before he will risk active opposition groups in Iranian political life."⁸⁶

⁸² Milani, *The Making Of Iran's Islamic Revolution*, p. 4.

⁸³ US CIA, Intelligence Memorandum, "Elections in Iran," August 1, 1967, LBJ Library, NSF, Box 136, p. 1.

⁸⁴ US CIA, "Elections in Iran," p. 2.

⁸⁵ US CIA, "Elections in Iran," p. 3.

⁸⁶ US CIA, "Elections in Iran," p. 4.

The Shah sees rapid industrialization as essential not only to increase prosperity and national well-being, but also to provide an outlet for the energies of educated Iranians who might otherwise prove troublesome for the regime. Over the long-term this will probably not provide a satisfactory substitute for greater political participation, but for some time to come the unrest of earlier days seems under control.

As stated above, intelligence analysts were familiar with the problems the regime faced in developing the façade of mass participation. The 1967 elections symbolized a turning point for the government. Dropped from the list of official candidates were the names of farmers, workers, and land reform officials.⁸⁷ In a long process of co-option and consolidation, the regime was now recruiting the educated intelligentsia -- many of whom would prove to be more ruthless, ambitious, and corrupt than the old aristocracy.⁸⁸ By 1968, the official government party was the object of increasing cynicism in Iranian society. Early enthusiasm for the New Iran Party dissipated "when it became apparent that the NIP was a device for projecting the political power of the regime downward rather than a mechanism for concerned Iranians to gain a political voice of their own."⁸⁹

According to INR, a serious weakness of the regime remained the rift between it and the intellectual community. The degree to which the Shah had captured the sentiment of Iranian nationalists through his own brand of "positive nationalism" and material prosperity was "open to argument," but the attempt "has had some success...There is little doubt that the Shah's position has been strengthened." The

⁸⁷ US CIA Special Memorandum, "The Shah's Increasing Assurance," May 7, 1968, p. 3. In "Making of US Policy," document 663. The candidates chosen represented an effort by the government to upgrade the Majlis. Most of the 67 candidates dropped from the Novin party list were farmers, workers, and land reform officials. They have been replaced for the most part by well-educated professionals; 80 percent of the Novin candidates are college graduates. This represents a shift from revolution to emphasis on consolidation in the Shah's reform program.

⁸⁸ Bill, *The Eagle and the Lion*, p. 166.

⁸⁹ US DOS/INR, "The Shah of Iran as a Nationalist," p. 7.

central role of the Shah in a highly personal regime was worrisome. "Removal of the Shah from political life," the report concluded, "would probably cause a major crisis and might seriously affect Iran's stability."⁹⁰

The problem inherent in the Shah's strategy of modernization and economic development was the lack of any corresponding political development. The Shah had set into motion a course of significant social mobilization without concomitant political mobilization or any legitimate outlet for new found economic and social power. Compounding this problem was the narrow base of support and lack of any solid ideological support for the modernization drive.⁹¹ Such circumstances were not lost on the CIA:

Many young Iranians apparently feel no sense of identification with the regime and its development efforts which are dictated at the highest levels of the government. Antiestablishment sentiment is probably intensified by the lack of an effective political opposition either in the universities or in the society at large.⁹²

The fact that American intelligence analysts tended to view democratization as an effective mean of stabilizing Iran is not surprising. Such a strategy had worked in postwar Germany and Japan. But this was the Third World, and, in general, American policy makers were less optimistic about the potential for stability. US analysts believed that opposition, within limits, could be healthy. Such opposition could create the preconditions for a peaceful and stable transition after the Shah left the scene. Such arguments were gradually losing currency in Washington by the late 1960s. The Shah was becoming an important surrogate for American interests. As

⁹⁰ US DOS/INR, "The Shah of Iran as a Nationalist," p. 8.

⁹¹ Milani, *The Making of Iran's Islamic Revolution*, pp. 70-71.

⁹² US CIA, "Restless Youth," p. 1-2.

will be seen in the next chapter, US policy was rapidly becoming dependent on the continuation of one-man rule in Iran.

Economic Reform and the White Revolution: 1963-1969

The Iranian economy expanded dramatically in the 1960s as the Shah, armed with freedom of action, pursued his priorities of modernization and industrialization. Yet this development was, at best, uneven. Focusing on grandiose public works and military projects, the regime's development plans yielded distortions in the economy that would, by the mid-1970s, set the stage for an economic crisis. High levels of public consumption, imbalances in the growth and productivity of different sectors, and an excessively capital-intensive industrial sector characterized these problems.⁹³ On the surface, however, Iran's economic development in the 1960s and 1970s would appear impressive. The gross domestic product (GDP), at constant 1974 prices, rose from \$10.4 billion in 1960 to \$51 billion in 1977.⁹⁴

In technical terms, the White Revolution faced a number of hurdles. Meaningful long-term planning, reported the CIA in 1964, was lost after the Amini government. The Third Plan reflected divisions in the bureaucracy as to how resources should be employed. "The Plan Organization is unlikely to have the authority and competence to give effective direction to Iran's development."⁹⁵ Indeed, as the intelligence community pointed out, Iranian economic planning was often chaotic and at cross purposes. But as Gasiorowski notes, this lack of coherence

⁹³ Gasiorowski, *US Policy and the Shah*, p. 198.

⁹⁴ Imperial Government of Iran, Plan and Budget Organization, *Economic Trends of Iran*, (Tehran, 1978), quoted in Milani, *The Making of Iran's Islamic Revolution*, p. 60.

⁹⁵ US CIA, NIE 34-64, pp. 8-9.

had much to do with the highly personalized and centralized authority of the Shah and reflected his priorities.⁹⁶

Fiscal irresponsibility was a habitual problem for the regime. The strategy of import substitution, designed to increase Iran's self sufficiency, created sectoral imbalances in growth and productivity, as well as placing strains on the country's foreign exchange reserves.⁹⁷ While the growth of consumer goods imports were slowed during the 1960s and 1970s, increases in the import of intermediate and capital goods followed. Despite rising oil income, announced the CIA, "Iran's foreign exchange reserves have failed to increase because of mounting imports of both consumer and investment goods."⁹⁸

A long standing national goal, and a good example of the import substitution strategy in practice, was the acquisition of a steel mill complex to assist industrial development. Under the 1966 agreement, the Soviets undertook to provide technical training and assistance, equipment and materials, as well as 260 million rubles for the construction of the steel mill, a gas pipeline, and a machine tool factory. According to the CIA, however, the three projects would put a "serious burden on the Iranian economy. The drain on foreign exchange will be especially heavy." Iran would need to come up with \$400-500 million before 1970. Oil production probably would not increase at the rate needed to cover these costs.⁹⁹

⁹⁶ Gasiorowski, *US Foreign Policy and the Shah*, p. 198.

⁹⁷ Gasiorowski, *US Foreign Policy and the Shah*, p. 198.

⁹⁸ US CIA, NIE 34-66, p. 7.

⁹⁹ US CIA, Special Report "Impact Of New Soviet Industrial Aid Program In Iran," April 22, 1966, pp. 3-4. In DDRS, 1989. Originally, the Soviets predicted completion of the steel mill in 1971. When completed in 1973, the mill represented an investment of \$750 million dollars and had required over ten thousand workers. Ramanzani, *Iran's Foreign Policy*, pp. 335-336.

Meanwhile, regression in the agricultural sector, predicted during the Kennedy administration, continued.¹⁰⁰ By 1969, wheat consumption from domestic production would be down to 80.9 kilos per capita according to INR projections. This was well below the World Health Organization's minimum requirement of 115 kilos per capita supplemented by other foods. "It is clear that even under the most favorable conditions, Iranian agriculture as presently ordered cannot meet the country's minimum daily per capita caloric requirements...Land distribution, for all the political and social gains made by the regime, has arrested development of Iranian agriculture." Though the Shah could import wheat, this would constitute a "serious drain on foreign exchange in the coming years."¹⁰¹ During this period, Iranian food imports reached the \$1 billion mark.

This setback would be an important political factor in the future. As early as 1964 the CIA predicted that rural workers would increasingly migrate to the cities, aggravating urban discontent.¹⁰² Rural to urban migration would increase through the next decade as workers left the countryside in search of better employment prospects and subsidized food prices. Many of these workers existed in squalid conditions in the slums of southern Tehran and other cities, and constituted the main base of support for the radical clerical opposition.

In 1966, the CIA reported that the White Revolution was unlikely to have much impact on the pace of economic development. Programs for profit sharing and the privatization of government-owned enterprises remained "largely a dead letter." Moreover, land reform had yet to make an impact. In many cases, land had merely

¹⁰⁰ See Chapter 2.

¹⁰¹ US DOS/INR, "Land Reform in Iran," pp. 3-4.

¹⁰² US CIA, "Reform in Iran: Problems and Prospects," p. 4.

been rented to tenants at fixed long-term rates with the former landlord as the source of credit.¹⁰³ The same year INR reported that "the developmental task in Iran is formidable, as illustrated by the fact that the annual population increase during 1962, 1963, and 1964 absorbed the rise in GNP. Iran's financial planning is predicated on rising oil revenues without sufficient regard for the need to develop a balanced economy."¹⁰⁴

By late in the decade, Iranian spending had begun to increase significantly as oil revenues rose. The Shah's corresponding emphasis on industrialization is revealing and important. Early in the decade, the White Revolution had been designed to garner the support of the lower classes. As the Shah's hold on society became more firm, the importance of such support decreased. Though agriculture remained the main source of income for most Iranians, many of whom continued to be subsistence farmers, resources were continually devoted to industrial projects. These projects in turn outpaced the limited pool of skilled labor and educational resources. In addition, Iran was forced to rely heavily on foreign technical assistance, capital, and modes of operation, thus aggravating many of the aforementioned problems. Taken as a whole, Iran's economic development was creating a number of political problems.

Nevertheless, Iran's oil wealth did give cause for optimism. It would not be until late in the 1970s when oil prices began to settle that many of these problems would show themselves. In the intervening years, economic development would grow at an astounding rate, blinding many in the US government and elsewhere to the social turmoil that lay beneath the surface of the Iranian "success story." So too

¹⁰³ US CIA, NIE 34-66, p. 7.

would the Shah's hold on power grow. In 1967, the CIA declared the Iranian economy to be "healthy, and all indications point to a rapid growth rate at least for the next year. Last year's growth rate was about nine percent, prices remained remarkably stable, public and private investment increased, and oil revenues continue to rise."¹⁰⁵

US Foreign Policy and Intelligence on Iran: 1963-1969

American foreign policy toward Iran and American intelligence on Iran evolved significantly during the Johnson administration. By 1969, US policy makers were far

less concerned with instability than they had been in 1963. In part, this was a consequence of the Shah's own improved position relative to his domestic opponents. By the end of the decade, the regime enjoyed a state of relative stability hitherto unseen. The religious opposition to the Throne was in a state of flux, the National Front and the LMI were in utter disarray, and SAVAK was providing for the efficient scrutiny and persecution of all these groups.

In part, however, this was also a consequence of the changing character of US-Iranian relations during the Johnson administration. In contrast to the Kennedy era, Johnson saw little need for the kind of nation-building that had previously marked American foreign policy. "I told my advisers," LBJ later wrote of Vietnam and Southeast Asia, "that I thought we spent too much time and energy trying to shape other countries in our own image...We should not be too critical if they did not

¹⁰⁴ US DOS, *Studies in Political Dynamics*, p. 33.

¹⁰⁵ US CIA, "The Shah of Iran and his Policies," p. 5.

become thriving, modern, twentieth-century democracies in a week."¹⁰⁶ This view was applied regularly to Iran.

Johnson was a man of firm views, and he changed the decision-making process to suit them. Important decisions were made in the Tuesday Lunches, attended by a small group of trusted advisors. The NSC meetings became a forum for bureaucratic ratification and implementation.¹⁰⁷ Intelligence representation was limited in the Tuesday Lunches. CIA director McCone was never invited, Vice Admiral Francis Raborn attended only once or twice, and Richard Helms was added only much later.¹⁰⁸ This lack of representation was a reflection of the President's low interest in intelligence in general. Early in his administration Johnson abandoned the President's Intelligence Checklist in favor of the President's Daily Brief. Johnson displayed little interest in the Daily Brief which he insisted should not go beyond one page in length.¹⁰⁹

Of course there was Vietnam. Throughout this period Johnson and his principal foreign policy advisers were preoccupied with the conflict in Southeast Asia. Vietnam was consistently the *soup du jour* at the Tuesday Lunches.¹¹⁰ As the

¹⁰⁶ Lyndon Baines Johnson, *Vantage Point: Perspectives Of The Presidency 1963-1968*, (New York: Holt, Rinehart And Winston, 1971), p. 44.

¹⁰⁷ John Prados, *The Keepers Of The Keys: A History of the National Security Council from Truman to Bush*, (New York, William Morrow, 1991), p. 149; David C. Humphrey, "NSC Meetings during the Johnson Presidency," in *Diplomatic History* 18 (Winter, 1994), p. 38.

¹⁰⁸ Andrew, *For the President's Eyes Only*, p. 316. One factor that may have had much to do with McCone's resignation in April 1965 was the fact that he was excluded from the Tuesday Lunches and had lost the attention of the President. Walter Laqueur, *A World Of Secrets: The Uses and Limits of Intelligence*, (New York: Basic Books, 1985), p. 82. On Raborn's attendance see Richard Helms Oral History Interview, April 4, 1969, LBJ Library; Walt Rostow confirmed that Helms was not included in the Tuesday Lunches regularly until the 1967 Arab-Israeli conflict. His attendance was thereafter valued. Author's interview with Walt Rostow, June 27, 1995, Austin, Texas.

¹⁰⁹ Ray S. Cline, *Secrets Spies and Scholars* (Washington, DC: Acropolis Books, 1976), p. 201.

¹¹⁰ Johnson used the Tuesday Lunches as an advisory and decision-making body rather than the NSC meeting which he found to be overcrowded and prone to leaks. Still, regular intelligence briefings after 1965 were not an aspect of the NSC meetings or the Tuesday Lunches. Only in 1967 was the DCI added to the guest Lunch guest list in order to "convey to those in and out of government that the

war progressed, more and more intelligence resources were devoted to it. In Washington, an intra-governmental debate flared between agencies over the progress of the war, the effectiveness of the US bombing campaign, and the size of enemy forces. Increasingly, the CIA became the bearer of bad tidings and was increasingly ignored. As Agency standing in the White House began to decline, so too did morale in Langley.¹¹¹

If American foreign policy officials had their plates full with Vietnam, it would not be the last time a busy agenda had consequences for US Iran policy.¹¹² Nevertheless, this government overload helps explain the policy shift on Iran that occurred during the Johnson administration. In a troublesome time, a close ally like the Shah, in a volatile region, must have seemed appealing. In addition, the Shah was one of a very few allies who supported the US line in Vietnam. He even went so far as to send Iranian medical units to the country.¹¹³ The Shah continually emphasized his support of American actions in Vietnam and Iran's own quiet support of Israel. Moreover, American-Pahlavi cooperation was reinforced through a proliferating web of personal connections which included influential public officials and private citizens in the United States.¹¹⁴ Both the Shah and LBJ respected the dividends of the use of force. During the Johnson administration, (and in contrast to the policies of Kennedy), American foreign policy shifted to uncritical support for the Shah and his regime.

luncheons brought him [the President] in touch with all the proper sources of advice." Humphrey, "NSC Meetings during the Johnson Presidency," pp. 43-44.

¹¹¹ Rhodri Jeffreys-Jones, *The CIA & American Democracy* (New Haven: Yale University Press, 1989), pp. 168-171.

¹¹² See chapter 5.

¹¹³ US DOS, "Approval of New Military Sales Credits for Iran," pp. 4-5.

¹¹⁴ Bill, *The Eagle and the Lion*, p. 177-178.

In 1963, American policy makers were most concerned about maintaining the Shah's position as an alternative to any possible neutralist government. An NSC strategy paper on the subject detailed four courses of action that might achieve this end. The report cautioned that the United States should not be associated too closely with the Shah's reforms lest they lose popular appeal.¹¹⁵ According to the paper, the United States could improve stability in Iran by;

- encouraging the Shah in his White Revolution at a speed fast enough to develop lower class support but slow enough to avoid social and/or economic collapse;
- discouraging government impulses toward undue repression against non-communist opposition;
- bringing conservative and liberal opposition elements into the government;
- discouraging preoccupation with military expenditures as opposed to economic investment.¹¹⁶

By the end of the Johnson administration, American policy makers were still paying lip-service to the above ideas, but they also consoled themselves about the loss of influence in the Marble Palace. In a telling piece of reporting in 1966, the INR Political Dynamics paper proposed that both the Shah and the US might benefit by a more "remote" relationship of "mutual independence." "Certainly his often-repeated complaint that the US takes him for granted is more valid when reversed." Citing past assassination attempts, the report argued that "a more independent relationship with Iran might increase US stock with nationalists and better enable the US to deal with a successor government should the Shah be removed from the regime."¹¹⁷

¹¹⁵ US NSC, "United States Strategy for Iran," pp. 357-358.

¹¹⁶ US NSC, "United States Strategy for Iran," pp. 360-361.

¹¹⁷ US DOS/INR, "Studies in Political Dynamics," p. 34.

According to the 1967 Policy Paper on Iran, "the Shah, in any event, is not nearly as dependent on our [US] support as he was in the past, and at present he derives a limited political strength from bucking American influence."¹¹⁸ Nevertheless, a consistent theme, even in 1967, continued to be the Shah's narrow base of support:

The regime's principal political problem, if it is ever to achieve long-term viability, will be to bring into the mainstream of modern Iranian life and development a substantial number of those who are now passive, dissident, or actively hostile to the government....Otherwise, the regime will be obliged to carry on with its present narrow and only slowly growing base of support, sustained by the strength of the armed forces, in which case its prospects for stability and growth over the long run would not seem to be good.¹¹⁹

Despite the increasing level of high profile American support for the Shah, it cannot be said that American policy makers were blind to the inherent weaknesses of the Shah's regime. The problem was that US actions did not follow this line of thought. By the late 1960s, American policy was concerned with moderating the Shah's regional ambitions at a time when the weapons pipeline between Iran and the United States was beginning to open. Little discernible pressure was put on the Shah to moderate the repressive tactics of the regime. According to the State Department, "recent performance suggests substantial difficulty on this score but some hope for ultimate success."¹²⁰

In Washington, bureaucratic changes in the State Department also played a role in the changing character of US-Iranian relations. In the mid-1960s, the State

¹¹⁸ US DOS, Secret National Policy Paper, "Iran," February 2, 1967, p. 15. In "Making of US Policy," document 610. Further statements on the topic of Iran's self-reliance include the following: "We have worked for this happy outcome and can take satisfaction in it. Yet our security interests in this area are too compelling for us to allow the present favorable signs to obscure Iran's basic internal weaknesses or to conclude too soon that United States objectives can be achieved without significant United States influence upon Iranian affairs."

¹¹⁹ US DOS, "Iran," p. 9. The Paper continues: "For a long time to come, the regime will be faced with many internal threats--urban, rural, tribal."

¹²⁰ US DOS, "Iran," p. 10.

Department changed its handling of Iran and other countries at the administrative level. Previously, Iran came under the purview of GTI (Greece/Turkey/Iran). This mode of operations was replaced with the Country Director system, leaving effective responsibility for each country to a single person. Ted Elliot was the Country Director for Iran. This change meant that information about individual countries no longer had to be placed in regional contexts. Rather, Country Directors were responsible for the smooth and efficient administration of bilateral relations. Thus a relationship of advocacy developed as Country Directors sought to ensure the conduct of relations with as few problems as possible. In the case of Iran, Elliot and Ambassador Meyer worked consistently to placate and satisfy the Shah's various demands.¹²¹

In the Embassy in Tehran, the atmosphere conducive reporting deteriorated when Julius Holmes left Iran and Ambassador Meyer moved in in the spring of 1965. Meyer, a foreign service officer with previous experience in Lebanon, had very strong views about the situation in the region. According to one Iran specialist stationed in that country under both ambassadors, Holmes created an environment where ideas were allowed to percolate up through the Embassy hierarchy. Under Meyer and subsequent Ambassadors, the reverse situation was the case.¹²²

¹²¹ Author's interview with Archie Bolster, December 13, 1995. Bolster, as the INR analyst with responsibility for Iran, was regularly invited by Elliot to meetings. According to Bolster, the switch to the Country Director system significantly limited views about Iran. With the change in the administration of Iran within the State Department and the potential for advocacy at the Country Director level, analysts at INR were left to themselves to place Iran in the "big picture." Bolster believes that only the INR people read all the field reporting that came in from Iran.

¹²² Author's interview with Archie Bolster December 13, 1995. Bolster would not be the last official to complain about the atmosphere in the Embassy. As one Foreign Service Officer with experience in Iran wrote in 1967: "reporting officers are under pressure from their superiors (and more subtle pressure from Washington) to make their views conform to the post's previous reporting, and to the views of senior officials. The result is to encourage adherence to the 'conventional wisdom' or the 'established' point of view." Michael A. G. Michaud, "Communication and Controversy: Thought on the Future of Foreign Service Reporting," *Foreign Service Journal* (October 1969), p. 24. According to another INR

Regarding information gathering and dissemination, another problem that existed at the Embassy was that of cover. According to the same officer, the separation between the Embassy's political section and the CIA station was so transparent that Iranians would ask him which way he got off the elevator on the second floor. If the officer turned right, he was a legitimate diplomat; should he turn left, he was headed for the CIA station. License plates, living quarters, and other indicators helped to identify to the Embassy's local staff the CIA officers in the station.¹²³ Thus Agency personnel were well known to both the American community in Tehran and to many Iranians. This situation was not improved when the State Department required all CIA officers operating under official cover to be identified as FSRs (Foreign Service Reserve Officers) as opposed to FSOs (Foreign Service Officers). As Bill notes, "all CIA officers were FSRs, but not all FSRs were with the CIA."¹²⁴ Such circumstances allowed for the easy identification of CIA officers working under diplomatic cover and placed legitimate FSOs and FSRs under a cloud of suspicion when dealing with local contacts.

Two technical monitoring stations staffed by CIA personnel at Bihshar and Kapkan contributed to American compliance with the Shah. Existing by virtue of an oral agreement between the Shah and the CIA, these sites were responsible for collection of telemetry, communications and electronic intelligence on missile launches from Soviet Central Asia. After the loss of similar sites in Pakistan and Turkey, the Kapkan and Bihshar stations became the primary listening posts in the region. Their value, however, would seem to last only as long as the Shah's good will.

analysts, the reporting that came out of the Tehran Embassy was the subject of more suppression than perhaps any other American Embassy in the world. Author's interview with Philip Stoddard, January 5, 1994, Bethesda, MD.

¹²³ Author's interview with Archie Bolster, December 13, 1995.

Therefore, policy makers in Washington consistently used the presence of these sites as an excuse to accede to the Shah's various demands. For example, in making his argument for a concessionary rate on weapons purchases for Iran, Walt Rostow noted, "in view of our extensive intelligence facilities in Iran and the relationship we are trying to maintain with the Shah, I think this is justified."¹²⁵ The presence of the sites also apparently acted as an incentive to curtail sensitive intelligence collection inside Iran and may have been a factor in the restriction of contacts.¹²⁶ As one Agency official noted:

There is no doubt that their operation was absolutely critical for two decades in enabling the U.S. to detect and properly evaluate Soviet ICBM testing and capabilities...For this reason we were concerned that the Shah should not get so mad at us that he would close the sites...Personally, I always thought that we could have gone a long way toward contacting and collecting information and opinions from the opposition elements before the Shah would have gotten mad enough to shut us off. But so far as policy makers were concerned they could see no purpose in risking absolutely vital information (derived from the sites) for the sake of marginal information (internal politics) of interest only to analysts.¹²⁷

Thus the divergence between American intelligence and American policy concerning Iran had begun in earnest. At the heart of the intelligence-policy dichotomy was the way in which the Shah was defined as a protagonist, and the validity of his reform program. During the period of the Johnson administration, the Shah had undertaken to consolidate his hold on power. In doing so, he also

¹²⁴ Bill, *The Eagle and the Lion*, p. 402.

¹²⁵ US NSC, "This Year's Military Sales to Iran."

¹²⁶ US DOS, Secret White Paper, "Adequacy Of Political Intelligence /Contacts With Opposition Elements," n.d., pp. 1-2. In "Making of US Policy," document 3570. A secret postmortem conducted after the revolution stated, "Embassy contacts with opposition personalities from the mid-1960's through 1975 were not considered by successive U.S. ambassadors to be in the U.S. interest. On more than one occasion, a harmless conversation between an Embassy officer and an Iranian the Palace considered hostile would be brought to the U.S. Ambassador's attention with the clear indication that such contacts were an unfriendly gesture that could upset the close and mutually beneficial relations between Tehran and Washington."

¹²⁷ CIA officer quoted in Bill, *The Eagle and the Lion*, pp. 401-402.

effectively consolidated the American commitment to his regime. This happened at a time when American policy makers were overwhelmed by their tragic involvement in Southeast Asia and encouraging less sophisticated intelligence from the CIA. Thus it was that the intelligence community's influence on the decision-making process was increasingly sidelined. The practical consequences of this situation would carry over even more acutely into the Nixon administration. In the case of Iran, intelligence analysts and other sensitive working level Iran specialists in the US government found their work, in some cases, inherently at odds with US policy. The Political Dynamics paper is a case in point. Even more informative than the actual content of the paper is the fact that it received such a low level of attention in Washington. Another example of the low level of influence intelligence on Iran commanded can be found in the passage of the Status of Forces Agreement (SOFA) between the United States and Iran in 1964.

In October 1964, the Majlis passed a bill providing diplomatic immunity to all American military personnel and their dependents. The SOFA has been the subject of much controversy among scholars ever since. Though the SOFA was originally based on an act incorporated in the United Nations Conference on Diplomatic Intercourse and Immunities signed in 1961, the Department of Defense lobbied heavily for expansion of the agreement to include, "United States military personnel or civilian employees of the United States Department of Defense and their families forming part of their households whose presence in Iran is authorized by the Imperial Iranian Government."¹²⁸

¹²⁸ United Nations, *Treaty Series*, vol. 776 (1971), nos. 11051-64, "Exchange of Notes concerning an Agreement between the Government of the United States and the Government of Iran," March 19, 1962, no. 423, p. 290.

Recognizing that such a provision would be highly unpopular among Iranians sensitive to foreign influence in national affairs, the Iranian government stalled on the matter for close to two years. In the end, the final vote in the Majlis was 70-62 with a large block of deputies abstaining; an extraordinary tally for that compliant, rubber stamp legislature. The passage of the bill generated a great deal of resentment among the public who regarded it as yet another humiliating capitulation to a foreign power. As Ramanzani notes, "for a nation that still despised the memories of 'capitulations' first imposed by czarist Russia after its humiliating defeat of Iran in the war of 1826-28 and abolished by Riza Shah a century later, the legal niceties of diplomatic notes meant little insofar as the American Defense Department's insensitivities to Iranian sensibilities was concerned."¹²⁹

In many ways the controversy over the SOFA agreement symbolizes the policy-intelligence dilemma that was established during this period. The expediency of the SOFA was obvious to American policy makers and the Shah. The number of US personnel in Iran was increasing sharply during this period and the US government was anxious that they should be covered by some level of immunity. The significance of the level of anti-American feeling engendered by the agreement was not, however, obvious to many in the United States. The CIA, in reporting in 1964 the following, represented one of only a few concerned voices: "The US has earned considerable unfavorable publicity throughout Iran when a Status of Forces

¹²⁹ Ramanzani, *Iran's Foreign Policy*, pp. 361-363. The religious and secular opposition in Iran bitterly protested the SOFA. Perhaps the most vehement response to the agreement came from Ayatollah Khomeini who insisted in a speech in October 1964 that; "Are we to be trampled underfoot by the boots of America simply because we are a weak nation and have no dollars? America is worse than the British; the British are worse than the Americans; The Soviet Union is worse than both of them. Each is worse than the other; they are all despicable. But today our business is not with all these forces of evil. It is with America." "Text of the Declaration of Imam Khomeini," quoted in Bill, *The Eagle and the Lion*, p. 160.

Agreement granting substantial privileges to US military personnel was hastily rammed through the Iranian Parliament.”¹³⁰ The extension of immunity to non-diplomatic personnel insulted Iranian sensitivities and caused substantial damage to the image of the United States in Iran. The availability of information in Washington that demonstrated this to be true did little to modify existing policy. The example of the SOFA illustrates the beginning of a trend that was to become more acute during the period under discussion. Intelligence about Iran and the Shah’s regime was playing less of a role in informing US foreign policy.

By the end of the Johnson administration, a far more optimistic vision of the Pahlavi regime pervaded American thinking on Iran. Yet, as has been argued here, the intelligence community still gave cause for concern. That American policy makers were less receptive to these warnings is a consequence of two main factors. First, though less sophisticated than earlier reporting on Iran, intelligence products during this period were based on long-term, systemic factors. Reports that noted declining agricultural production and corresponding growth in urban migration and discontent could be set aside for the time being. Such is one weakness of the National Intelligence Estimate, the very vehicle that purports to address such long-term factors. Without proper regard for and understanding of longer-term analysis, the NIE does not command attention. Policy makers, by virtue of the kind of work they do, are necessarily caught up in the higher profile day-to-day events that govern their decisions.

¹³⁰ US CIA, NIE 34-66, p. 5. In 1964, the CIA reported that “forces calling for greater assertion of Iranian ‘independence,’ although feeble, are ready to exploit any opportunities. Last month, for example, a government bill on the status of US forces in Iran ran into strong objections. The nationalist opposition successfully played on neutralist sentiments by fostering fears among legislators that the bill involved ‘capitulations’--limitations on Iranian sovereignty by a foreign power.” US CIA, “Reform In Iran,” p. 8.

The second factor is closely related to the first and has to do with the relative short-term stability of the Iranian regime in the mid to late 1960s. The fact that the opposition to the Shah was in such disarray during this period lent an ambiguous character to intelligence. A careful reading of INR and CIA products clearly gave some reasons to question the viability of the Shah's regime. But President Johnson was not one to read intelligence carefully nor were his key advisors. In the midst of deliberations on the Six Day War and the conflict in Vietnam, questions concerning the long-term stability of a supportive ally such as the Shah must have seemed very esoteric indeed. Given the working assumption that Iran was stable in the short-term, the intelligence community shifted its reporting priorities to more international themes. This left some long-term worries unexplored and in turn detracted from the overall quality of intelligence regarding Iranian stability.

The irony is that the period in which President Johnson's opinion of intelligence was being raised corresponded roughly with the period in which intelligence on Iran was most reticent. Clearly there were some problems with intelligence on Iran during this period. More sophisticated intelligence would have pointed in specific ways to the rising tide of anti-American feelings in Iran, the unpopularity of large weapon sales, and the problems of vast inequity created as petrodollars began to flood the country. Both the CIA and INR relied heavily on the Western-educated middle class as the key to prosperity and stability. The intelligence community as a whole failed to grasp the possibility that opposition to the Shah might manifest itself in an idiom other than western oriented secular nationalism.

By the end of the Johnson administration, the consensus regarding Iran that had directed American policy from the Eisenhower administration to the current

period had begun to disintegrate. In part, this was due to the erosion of standing of the CIA in Washington. In the United States, a number of domestic controversies were impairing the Agency's standing. A series of revelations in *Ramparts* magazine in 1967 concerning domestic intelligence activities brought the CIA and the NSA under a cloud of public suspicion and congressional scrutiny. Furthermore, the Johnson administration politicized the intelligence process by demanding loyalty on Vietnam and by the suppression of internal dissent. These combined factors had a stultifying effect on the CIA, hampering its effectiveness, and in the end, its ability to persuade.¹³¹

¹³¹ Jeffreys-Jones, *The CIA & American Democracy*, p. 156.

Chapter Four

Embracing the Pahlavi System: Intelligence, the Nixon Doctrine, and Iran

Richard Nixon reached the White House with a slim electoral margin which reflected the uncertainty of the world he inherited. The nation was still in the depths of the Vietnam war and for all apparent purposes the USSR was gaining influence in every corner of the world, not least in the Middle East. Nixon and his foreign policy advisor Henry Kissinger had an agenda to meet these challenges. While extracting the nation from its conflict in Southeast Asia, he would seek a framework for more peaceful, if competitive, relations with the USSR. Peace through negotiation did not rule out containment of the Soviets. By establishing a network of friendly nations who were capable of sharing the burden of defense, the United States could conserve its resources while still meeting the advances of its opponent.

The Nixon administration inherited from the Johnson administration an increasing US commitment to Iran. There continued to be a plethora of reasons for enhancing the US-Iranian connection. Iran provided a dependable stream of oil to both the West and Israel, could be a voice of moderation from within OPEC, allowed the stationing of crucial US intelligence stations on the Soviet border, and was otherwise strategically placed for the containment of the Soviet Union and security in the Persian Gulf. On the eve of the Nixon presidency two important events would help to dramatically tighten the US-Iranian relationship. In 1968 the British

announced their intention to withdraw from the Persian Gulf. In 1969 Nixon offered the Guam declaration.

The Nixon Doctrine, as the Guam declaration came to be known, called for the use of regional "policemen" to guarantee security in different parts of the world. The Shah was an intelligent and friendly ruler and his country would soon reap the windfall of billions of dollars in oil revenues. Thus equipped, Iran and Saudi Arabia could take their place in the framework of containment of the Soviet threat and the security of the Persian Gulf through the Two Pillar policy. In fact, Iran could manage to pay its own way. Nixon came to office already a friend of the Shah, whom he knew and liked from his time as Vice President. American support for Iran in all spheres would reach a level to which the Shah would not have dared dream just a few years before.

US Iran policy was formed and implemented to a higher degree than ever before in the Nixon White House. At the heart of the Nixon-Kissinger-Ford approach to Iran was the rejection of the view held by past administrations that economic development and democratic evolution would enhance the security of the regime, and by extension, United States interests in the Gulf region. What was important was the Shah's role in the global balance of power. He appeared even more valuable given the contrast with his more neutralist nationalist opponents. Thus United States policy came to be predicated on the continuation of one-man rule in Iran. US policy was designed to support the regime in defense of enemies, both internal and external. A large, American-made military would help accomplish these goals. But bolstering the regime in Tehran meant bolstering the ambitions and interests of the Shah. History would demonstrate that these interests did not coincide with those of the Iranian people.

For American intelligence agencies, particularly the Central Intelligence Agency (CIA), it would not be such a good decade. CIA-White House relations had been strained under the administration of Lyndon Johnson, and there seemed little chance for improvement with Nixon. As with the State Department, Nixon viewed the CIA as a bastion of the Eastern elite and harbored suspicions that the Agency had conspired against him in the 1960 presidential campaign.¹ In the aftermath of Watergate, the CIA would be held responsible for a number of scandals, domestic and foreign, imagined and real.

The new administration found the Agency in need of presidential patronage and protection, and capitalized on the relationship by manipulating the intelligence process in the pursuit of certain policy goals. The most prominent example of this was the 1969 debate over Soviet strategic estimates in preparation for the SALT negotiations. According to Ray Cline, the politicization of intelligence became routine during the Nixon administration.² John W. Huizenga, the deputy director of the Office of National Estimates at the time, characterized the stifling effect of such an environment on intelligence production: "When intelligence producers have a general feeling that they are working in a hostile climate, what really happens is not so much that they tailor the product to please, although that's not been unknown, but more likely, they avoid treatment of difficult issues."³

Perhaps not surprisingly then, intelligence on Iran during the Nixon administration reached a low point in both accuracy and impact on policy. Henry Kissinger would bring considerable pressure to bear on the foreign policy

¹ Rhodri Jeffreys-Jones, *The CIA & American Democracy* (New Haven: Yale University Press, 1989), p. 177.

² Ray Cline, *The CIA Under Reagan, Bush and Casey: The Evolution of the Agency From Roosevelt to Reagan* (Washington, DC: Acropolis, 1981), p. 318.

bureaucracies to implement Iran policy without objection. Iran as an intelligence topic received a lower priority than in previous years, while the US-Iranian relationship increased dramatically in scope without the benefit of analysis of the long-term factors and consequences. The net effect of Kissinger's bureaucratic imperialism, writes the historian John Lewis Gaddis, "was an uninformed, sullen, and at times sabotage-minded bureaucracy."⁴

For the Shah, the decade began very well, even if it did not end on as happy a note. In 1971, the British would withdraw their military forces from the Persian Gulf. The United States decided it could not afford to replace these forces, leaving the door open for a strong regional power. The Shah was determined to play that role. And just as such international opportunities were presenting themselves, the world oil market began to take off. To pursue his dream of transforming Iran into an industrialized nation and regional player, however, he needed an environment unfettered by domestic constraints. Throughout the 1960s, he had begun the process of eradicating political opposition. The Communists and the nationalists had been the first to receive this attention. In the 1970s, emboldened by his wealth and international stature, and armed with a pervasive internal security apparatus and a loyal military, the Shah set out to eradicate what was left of the opposition to his rule: the conservative interests of the bazaars, the intelligentsia, and the Islamic clergy. Iran embarked on its reign of terror.

In retrospect, the years leading up to the Iranian revolution were fraught with warning signs. As the Shah became more authoritarian and intolerant, increasing

³ Quoted in Seymour M. Hersh, *The Price Of Power: Kissinger In The Nixon White House* (New York: Summit Books, 1983), p. 159.

⁴ John Lewis Gaddis, *Strategies Of Containment: A Critical Appraisal of Postwar American National Security Policy* (Oxford: Oxford University Press, 1982), p. 275.

numbers of Iranians would be alienated by the regime, many turning in response to the open arms of the conservative religious opposition. The more the Shah attempted to remake Iran in the image of his desires, the more he clashed with the traditional values of his people. The more Iran's oil wealth raised the expectations of the middle class, the more they sought participation in the decision-making process. Demographic instability, economic recession after the heady days of the mid-1970s, military and consumer spending sprees, agricultural decline: all these would play a role in the crisis to come.

Yet while some of these factors were recognized, their consequences went entirely unheeded. By 1976 and the arrival of the new administration in the United States, American intelligence analysts were only beginning to take a fresh look at Iran. By this point it was too late. A decade of scandals and politicization of intelligence on Iran had taken its toll. Iran specialists at the CIA and INR pronounced the Iranian body politic alive and kicking, if not entirely healthy. Yet the problems they defined during this decade would aid in the understanding of the revolution when it came.

Repression and the Pahlavi System: 1969-1972

By the time Nixon came to the White House, Iran's political environment was relatively peaceful. There seemed to be good reason to view the Shah's Iran as a strong and politically permanent ally. Intelligence analyses of this period betrayed little sign that the Shah might be facing any serious challenge to his position. Visible dissent had been limited to the occasional strike, and the economy was beginning a period of rapid growth. The regime had retained unqualified control of the political situation and opposition had been limited to the distribution of Communist hand-bills.

Meanwhile, press control and censorship had become more stringent. Among the conservative *bazaaris* (merchant class) and Muslim clergy, there was little sign of organized dissent. Despite some minor economic strains, the political section of the Embassy in Tehran was generally optimistic about the situation in Iran. The Embassy believed that momentum was growing for the liberalization of government controls. However, it reported that unless and until pressure for this relaxation mounted considerably, there was little chance that the regime would loosen its internal controls.⁵ As it happened, the regime was preparing a campaign to consolidate its power once and for all.

From 1969 to 1976, the Shah's regime became more totalitarian and repressive than it had been in the past. In the late 1960s, the American intelligence reports remarked on the Shah's increasing self-confidence. By the beginning of the next decade, the Shah felt confident enough relative to his internal opposition to abandon the strategies of co-optation and reform that he had applied earlier in his reign in favor of a more absolutist approach. Dissent in Iran would no longer be tolerated; SAVAK, the Iranian intelligence service, would be allowed great leeway in dealing with opponents of the regime. The reliance on repressive methods of government, however, incurred two costs. First, it hampered the efforts of the regime to institutionalize itself. Secondly, it gave a boost to the radical opposition.

The 1969 National Intelligence Estimate (NIE) on Iran identified both of these problems as a potential consequence of the Shah's style of governance:

His [the Shah's] efforts to enlist the support of well-educated technocrats in important posts in the government have borne fruit and many members of the once politically restive middle

⁵United States Department of State (DOS)/Embassy, Tehran, Secret "Semi-Annual Assessment of the Political Situation in Iran," September 4, 1969, in *Documents from the US Espionage Den*, (Tehran: Instisharat-i Danishjuyan-i Piru-yi Khatt-i Iman, 1980-87), V60: 38-57, pp. Hereafter cited as *DUSED*.

class have had their attention diverted to moneymaking. They were attracted by the scope of action they have been allowed in the economic field. Yet their support is not based on any widespread devotion to Iran's political system; an economic recession could quickly reduce their sense of commitment to the regime. This could also take place if the Shah's sense of infallibility should lead him to restrict further their participation in the decision making process. Over the long term, economic development probably will not provide a satisfactory substitute for greater political participation. Hence, in a few years unrest may again begin to reach significant levels among politically aware elements. In time this could pose a serious problem for the regime, particularly if dissent were to find support within the military.⁶

Over the course of the next decade, this assertion would prove to be prescient. Yet in the context of past intelligence on Iran, such analysis was hardly distinctive. Intelligence analysts had long stressed the need to diffuse power in Iran in order to enhance the effectiveness of government reforms and general stability. From the perspective of American policy makers, the argument that the regime could not buy the indefinite loyalty of its citizens should have been worrying, for American policy was increasingly predicated on this assumption. Implicit in the analysis was that the Pahlavi system had yet to institutionalize itself, thus calling into question the prospects for long-term stability.

The Shah attempted to institutionalize the regime by providing a mechanism for succession, but success at this was limited. Should the Shah disappear from power, his son would succeed him to the throne with Queen Farah acting as regent for the seven-year-old boy. According to the NIE, however, there existed considerable traditional opposition to the participation of women in Iranian politics. The estimate

⁶United States Central Intelligence Agency (CIA), Secret National Intelligence Estimate (NIE) 34-69, "Iran," January 10, 1969, p. 3. In "The Making of US Policy in Iran: 1977-1980," microfiche collection in the National Security Archives, Washington DC, document 708,. Hereafter cited as "Making of US Policy." Security classifications have been provided for documentation where possible. The security classification of some documents has been deleted as part of the declassification process.

concluded that "such a succession arrangement would be basically unstable." The report continued,

Initially at least both the civilian political structure and the military would probably support the monarchy, since both of these groups are essentially interested in political stability. However, the former derives its power from its support by the Shah; after his departure the military would exert proportionately more influence. The military would almost certainly be more alert to any possible diminution of their interests and, since they appear to be more conservative than the Shah, might find it more difficult to accept the primacy of the Queen as regent.⁷

The issue of succession was of continual concern to the American intelligence community throughout the Shah's reign. The 1970 NIE on Iran's international position repeated the above conclusion, as did most other reports which addressed the topic.⁸ In essence, the community held that the military was the only permanent political institution in Iran. The Shah as monarch provided a structure for governing, but this was defined by, and limited to, this one man. Thus, unlike Saudi Arabia, where the royal family tree has many branches which permeate society, Iranian political culture was largely personalized.

The timing of these analyses is important. By 1970, the US policy makers were emphasizing the Shah's importance in anticipation of the British withdrawal from the Gulf. US Iran policy reflected this emphasis without regard to these long-term considerations. In doing so, policy makers were taking a significant risk. The vulnerability of such a highly personalized system, even prior to any crisis of succession, is not difficult to extrapolate. Should one crisis or more develop which

⁷ US CIA, NIE 34-69, pp. 3-4.

⁸ US CIA, Secret NIE 34-70, "Iran's International Position," September 3, 1970, p. 3. In "Making of US Policy," document 738. The NIE maintained that there was little organized opposition for the Shah to worry about but there were "still a number of Iranians who disagree with the Shah's policies or who desire a share in power...there have been assassination attempts - the most recent in 1965. Should he

would be too complex for a single ruler to deal with, then by definition the single institution, the ruler would be in jeopardy. As Mansoor Moaddel argues, the authority of the Shah caused a separation of the state from civil society, with no significant institutions to bridge the two.⁹ The Shah's policies and ambitions accentuated this separation, while enabling the opposition. When the time came for a crisis, the state was unable to cope.

However, the seeds of optimism were also implicit in the above intelligence analysis. In the event of the Shah's death, intelligence analysts and policy makers alike believed the military would play a key role in defining power in Iran. The Iranian military was dependent to a significant degree upon American equipment and technical assistance, and a close military relationship existed between the two countries. Washington believed that the military would find it in its interest to maintain this relationship. Should the Shah depart from the scene, Washington expected continuity in US-Iranian relations.

In regard to the growing regional importance of Iran, the 1970 NIE reported that the "Shah is determined to ensure for Iran a position of power and leadership in the Persian Gulf after the British withdrawal."¹⁰ Concerned that radical Arab regimes, supported by the USSR, would eventually threaten his position in the region, the Shah maintained arms acquisition as an overriding priority. The report stated that, should a radical Arab movement gain control of one of the smaller Gulf states, the Shah would use covert or overt means to unseat it. Should this mean the use of unilateral force, the conservative Faisal would be compelled to support his fellow

die, through assassination or accident, there is no single person able to wield the power he does, nor would the system permit devolution of authority."

⁹ Mansoor Moaddel, *Class, Politics, And Ideology In The Iranian Revolution* (New York: Columbia University Press, 1993), p. 51.

¹⁰ US CIA, NIE 34-70, p. 1.

Arabs, upsetting Gulf stability.¹¹ The report concluded that “the physical integrity of Iran is not threatened by any of its Persian Gulf neighbors.”¹²

Subsequent events proved this analysis of the Shah’s international ambitions to be justified. In October 1971, the Shah celebrated with an extravagant series of parties the 2,500 year anniversary of the Persian Monarchy.¹³ In public, the Shah linked himself to Cyrus the Great. In private, the Shah confessed he was celebrating the “rebirth of the Persian Empire: Iran’s return to the forefront of the human experience.”¹⁴ During 1971-1972, the Shah took several steps to assert his country internationally. In 1971, Iran seized the Abu Musa and Tunbs, three small islands belonging to the Sharjah and Ras al-Khaimah sheikdoms. The effect of these moves was the severing of relations between Iran and Iraq in December, 1971. Other steps included encouraging the independence of Bahrain and involvement in the third Indo-Pakistan war. In 1972, the Shah established diplomatic relations with the Peoples Republic of China, sent troops to the civil war in Oman, and declared the Indian Ocean to be vital to Iran’s security.

In order to pursue foreign and domestic policy goals without hindrance, the Shah continued his campaign to consolidate power. As a consequence of increased repression, the secular nationalist opposition in Iran was becoming increasingly ineffectual. As the Embassy noted, “there is no permissible way in Iran to express opposition to the monarch, the monarchy or to the policies and programs sponsored

¹¹ US CIA, NIE 34-70, p. 2.

¹² US CIA, NIE 34-70, p. 1.

¹³ *Time*, October, 25, 1971. This series of parties climaxed in a celebration at Persepolis attended by the political elite of some sixty countries. The affair was catered by Maxim’s of Paris. Conservative estimates by *Time* put the cost of the event at around \$100 million. James Bill estimates the cost at around twice this amount. James A. Bill, *The Eagle and the Lion: The Tragedy Of American-Iranian Relations*, (New Haven:, Yale University Press, 1988), p. 183.

¹⁴ Quoted in Amir Taheri, *Nest of Spies: America's Journey To Disaster In Iran* (New York: Pantheon Books, 1988), p. 57.

by the Shah.” Organized opposition to the government, Communist and non-Communist, was at an all-time low.¹⁵ Rapid social and economic change, combined with heavy scrutiny by SAVAK, had put the majority of the opposition elements, demoralized and disorganized as they were, on the defensive.¹⁶ Though the successors of the National Front and the Liberation Movement of Iran would continue to be active abroad and on the university campuses until the revolution, their ability to challenge the government during these years was minimal.

The Shah was making a strong effort to erode and control the influence of the religious opposition as well. In 1972, the government instituted the Religious Corps designed to bring officially sanctioned religious principles and education to Iranians and, in the process, send a message to the mullahs that they could either behave or be marginalized. Ironically, government attempts to control the clergy contributed to the stature of the more politically independent among them. As one observer of religion and politics in Iran notes, the time came when “any self-respecting...teacher in Qom was ashamed if he had not been arrested at least once or sent off to Zabol or some other remote town in Iran to which the government banished mullahs whom they thought ‘difficult’”.¹⁷ In the end, it was the more acquiescent mullahs favored by the government who were marginalized.

The political section of the Embassy in Tehran tended to view the religious threat to the regime as minimal. “Residual religious resentment,” of the regime was both “bitter and deep,” the Embassy admitted in 1972, and the clergy had not yet been isolated from the mainstream of Iranian popular opinion. Yet the regime had been

¹⁵US DOS/Embassy Tehran, “Political Opposition: Extremists and the National Front,” May 1972, in *DUSED*, V8:33-36.

¹⁶USDOS/ Embassy Tehran, “Semi-Annual Assessment of the Political Situation in Iran,” p. 39.

¹⁷Roy Mottahedeh, *The Mantle Of The Prophet: Religion And Politics In Iran* (New York: Pantheon Books, 1985), pp. 328-329.

able to penetrate and cajole the clergy to the point that they were unable to develop any significant political following. In any case, the mullahs had not been able to stop the course of the White Revolution. Barring any severe economic setback or a weakening of government control, the Mullahs would probably be relegated to the sidelines.¹⁸ These conclusions, to an extent, can be attributed to the effectiveness of the regime in suppressing religious dissent. As Shahrough Akhavi notes, the thorough penetration of religious circles by SAVAK, heavy censorship, and government control of the Endowment Organization, (the organization responsible for religious donations), helped to force much of the clergy into an acquiescence of the *status quo* during this period.¹⁹

Because of this repression of the overt secular and religious opponents of the regime, opposition in Iran took on a covert and radical character. In June 1972, INR reported that "the bombings in Tehran during President Nixon's visit highlight the existence of internal dissidence in Iran...Dissident activities over the past two years show that a violence-inclined 'youth underground' has taken root in Iran with possibly serious consequences for the country's long-term stability." The report stated:

In public, the Government of Iran prefers to blame outside instigation for domestic dissidence. The available intelligence indicates that SAVAK, however, knows there is more to the problem than that. While many Iranian dissidents are linked clearly to the radical regime in Iraq or other organizations and movements outside Iran, even the intelligence information received directly from official Iranian sources indicates that

¹⁸ US/DOS, Embassy Tehran, "Religious Circles," May 1972, in *DUSED*, V8: 29-32; "Political Opposition: Extremist and National Front," May 1972, in *DUSED*, V8:33-36. The Embassy reported that the Ayatollah Khomeini continued his anti-Shah activities from exile in Iraq, and this precluded any accommodation between the two. Khomeini's cooperation with the Iraqi regime reportedly reduced "his appeal to Iranian Muslims who might otherwise share some of his basically liberal ideas."

¹⁹ Shahrough Akhavi, *Religion And Politics In Contemporary Iran: Clergy-State Relations in the Pahlavi Period* (Albany: State University of New York Press, 1980), p. 159.

Iran now has its own indigenous "alienated youth" movement.²⁰

The report goes on to assert that "though rightly deemed no immediate threat to the general security of the Iranian state, these groups still pose a threat greatly in excess of their numbers. The current political stability and orderly economic development of Iran depend overwhelmingly for their continuation on one man, the Shah."²¹

The report was correct in its identification of a trend towards violence. In February 1971, a large group of Fedayan-e Khalq guerrillas attacked a provincial gendarmerie post, killing several members of the security force. This attack signaled the beginning of a violent round of clashes between the radical opposition and the government which would last through 1973. Guerrilla movements would participate in bank robberies, assassinations, and bombings, including several during the Nixon visit. The government responded to such unrest with mass arrests, secret trials, and executions. But by 1973, the two main guerrilla groups in Iran, the Mojahedin-e Khalq and the Fedayan-e Khalq, had been severely weakened by government repression and by their small base of support. Terrorism would nevertheless continue to irritate the regime throughout the decade.²² Thus it appears that INR was correct in its assertion that, barring a successful assassination of the Shah, terrorism posed no immediate threat to the regime.

As of 1972, the Nixon administration had every reason to view the Shah's regime as stable and secure. Other than the irritant of terrorism, there was little viable challenge to the Shah's position. Yet US intelligence products during this period were explicit in stating that the regime would probably not survive the passing

²⁰ US DOS/ Bureau of Intelligence and Research (INR), Secret Intelligence Note, "Iran: Internal Dissidence - A Note Of Warning," June 12, 1972, p. 1. In "Making of US Policy," document 776.

²¹ US DOS/INR, "Iran: Internal Dissidence," p. 2.

of the Shah. These long-term concerns, however, went unheeded by US policy makers who were eager to take advantage of Iran's growing capabilities in the international arena. Yet American policy in this respect was not only short-sighted, it was also counterproductive. The high level of American support for the Pahlavi system helped to sustain one-man rule in Iran. In the process of supporting him, the United States became increasingly identified with the Shah in the eyes of his domestic opponents.

American support for the Pahlavi system would reach its zenith in 1972. The level of this support signaled an end to any attempts by the US to ameliorate the Shah's style of governance. Determined to implement US Iran policy without objection, the administration created an environment in which critical intelligence about the Shah's regime was an unpopular commodity.

Intelligence and the Two Pillar Policy: 1972-1973

The 1972-1973 period marked the low point for intelligence analysis on Iran. This was a result of a number of factors. The standing of the intelligence community in general, and the CIA specifically, remained low as a result of the American domestic troubles discussed above. Changes within the CIA associated with intelligence reform would have an effect on the Agency's ability to analyze information about Iran. More importantly, however, the problems that plagued US intelligence reporting on Iran stemmed from the nature of the US-Iranian relationship. Although Iran's transformation into a key pillar of American interests had begun in the late 1960s, the process came to fruition during a presidential visit to Tehran in

²² Mark J. Gasiorowski, *US Foreign Policy and the Shah* (Ithaca: Cornell University Press, 1991), pp. 195-196.

May 1972. During his visit with the Shah, President Nixon made three agreements which would dramatically tighten the relationship between the two countries: the United States would guarantee the Shah access to any conventional arms he which he desired, provide the technicians needed to support this equipment, and assist the Shah in his support of the Kurdish insurgency in Iraq.

These agreements reflect the logic behind the Nixon Doctrine. Washington accepted the Shah's own assessment that the USSR no longer constituted the principal threat to security and stability in the Persian Gulf. It was Moscow's radical surrogates in the region that now posed the most serious threat to US and Iranian interests.²³ Armed with sophisticated American weaponry, paid for by mounting oil wealth, Iran could assume a role for which the Shah had long hoped, that of a regional "superpower." But these agreements also reflected the level of reverse leverage the Shah could exert. As Washington identified increasingly its national interests with the person of the Shah, the Shah was able to exert increasing influence on American foreign policy.

There were arguments against such a high level of American military sales. The State Department was concerned about stimulating a possible Gulf arms race or war. Iran already possessed an impressive arsenal. It was strong enough to resist any threat to its sovereignty other than a direct attack by the Soviet Union, and such an attack would trigger US intervention. Conceivably, the further expansion of Iran's military capabilities could increase regional tensions and

²³ Rubin, *Paved With Good Intentions*, pp. 124-125.

instability.²⁴ Finally, the same month Nixon visited Tehran, the CIA concluded that Soviet influence in the Gulf was limited:

Although greater Soviet involvement in the Gulf is virtually a foregone conclusion, there are limits on Moscow's freedom to maneuver. In the first place, greater Soviet attention to the Gulf could disturb the friendly relations that currently exist between the USSR and Iran...The political and economic benefits that have accrued to the USSR from its trade and aid ties with Iran have become important policy considerations in Moscow... The Soviets have been telling Tehran that the Soviet rapprochement with Iraq is not aimed against Iran. On several occasions during the past year, the Soviets tried to reassure the Iranians regarding Baghdad's intentions and stressed Moscow's desire to expand its ties with Iran. Last November, for example, the USSR refused a request by Iraq that Moscow protest Iran's seizure of islands in the Persian Gulf. According to a clandestine source, moreover, the Soviets rejected an Iraqi request that the friendship treaty include a guarantee the USSR would intervene if Iraq were attacked by Iran.²⁵

President Nixon's commitment to the Shah to supply arms ended debate over the issue. Upon returning with the President from Tehran, Henry Kissinger addressed a memorandum to the Secretaries of State and Defense that stated that the Shah would be allowed to buy as much non-nuclear weaponry as he wanted.²⁶ What followed was a dramatic increase in the flow of arms to Iran. From 1950 to 1970 the United States supplied Iran with \$1.8 billion in military aid. From 1970 to 1976 the Shah purchased some \$12.1 billion in American arms.²⁷ The Nixon administration exerted significant pressure on the foreign policy establishment to implement, rather than debate, this policy. The Department of Defense review process, which might

²⁴ Rubin, *Paved With Good Intentions*, pp. 141-147.

²⁵ US CIA, Secret Intelligence Memorandum, "Moscow and the Persian Gulf," May 12, 1972, p. 5. In "Making of US Policy," document 766.

²⁶ US National Security Council (NSC), Henry A. Kissinger to the Secretary of State, Secretary of Defense, Secret Memorandum, "Follow-up on the President's Talk with the Shah of Iran," July 25, 1972, in *DUSED* 17:66-69. The memorandum stated: "The President has also reiterated that, in general, decisions on the acquisition of military equipment should be left primarily to the government of Iran. If the Government of Iran has decided to buy certain equipment, the purchase of US equipment should be encouraged tactfully where appropriate, and technical advice on the capabilities of the equipment in question should be provided."

have pinpointed concerns about Iran's ability to absorb sophisticated weapons or the socio-economic impact of a large number of foreign technical advisors, was effectively ended. In the words of Barry Rubin:

everyone in the bureaucracies - the State Department, the CIA, the Defense Department, and the United States military - knew that news contradicting the White House line would not be welcome. Under such circumstances reports would be returned for rewriting and the individual's career might be unfavorably affected. Internal government analysis over Iran became an exercise in the mobilization of wishful thinking.²⁸

This stifling environment had an effect on the analysis of intelligence regarding the stability of the Shah's regime. In 1972, a chief CIA analyst on Iran submitted a critical report in which he concluded that the Shah, by ignoring a commitment to social justice and equitable economic development, was "sowing the seeds for popular dissidence." The report characterized the Shah as a "megalomaniac who has visions of being a world power, a pivotal power in the Middle East." The author argued that the Shah's head-long dash to modernization was likely to cause severe strains on Iran's stability if not accompanied by political and social reform. He apparently noted the increasing concentrations of disenfranchised urban poor and the volatile position of the clergy. According to the analyst, the report was not received well by his superiors. The author claimed that it was eventually published, but the critical tone of the report was relaxed in order to better "reflect" US policy toward Iran.²⁹ If policy makers in Washington understood that an over-armed, militarily dominant, but potentially unstable Iran could eventually be the generator of instability in the Gulf region, they did not wish to be reminded of it.

²⁷ Rubin, *Paved With Good Intentions*, p. 128.

²⁸ Rubin, *Paved With Good Intentions*, p. 135.

²⁹ Jesse James Leaf, "Iran: A Blind Spot in U.S. Intelligence," *Washington Post*, January 18, 1979, p. A17.

The decision to assist Tehran in its covert support of the Kurdish separatists in Iraq was taken largely in deference to the Shah. Iraq was supporting Arab minorities in Iran in order to harass the regime in Tehran; the Shah hoped to counter this move through support of the Iraqi Kurds. Officials in both the State Department and the CIA maintained serious objections to US participation in the operation, but Kissinger again overruled bureaucratic protests.³⁰ The Kurds, led by Mullah Mostafa Barzani, received military, financial, and medical aid through a tripartite committee of SAVAK, CIA and Mossad officials.³¹ This group also exercised overall political control in consultation with the Iranian royal court. Though the Shah could have financed the entire operation himself, he believed that a US financial commitment would translate into a firm political commitment.³² The Kurdish operation lasted until 1975, when the Shah and Saddam Hussein concluded the Algiers agreement.³³

The operation illustrates the degree to which the Shah was able to exert leverage in Washington. Taken in this context, US assistance in the endeavor added up to little more than a covert favor for the Shah, designed to ensure his cooperation with the Two Pillar policy. In order to implement this favor, Kissinger sidestepped the bureaucracy. He did not inform the Forty Committee, the body responsible for ruling on covert action, until the operation was already underway. The NSC staff was not informed at all. Moreover, few in Washington or Tehran actually hoped for a

³⁰ Bill, *The Eagle and the Lion*, p. 205.

³¹ Initially, US aid was minimal; around \$1 million of captured Soviet weapons and ammunition. Ultimately the United States would contribute around \$16 million. The Shah is reported to have spent hundreds of millions on the operation. Israel, which had been assisting the Kurds since 1965 also contributed an unknown amount. John Prados, *President's Secret Wars: CIA And Pentagon Covert Operations From World War II Through Iranscam* (New York: William Morrow, 1986), p. 314.

³² Taheri, *Nest of Spies*, p. 60.

³³ In return for Iraqi recognition of the deepest channel principle regarding the Shatt-al-Arab waterway the Shah ended assistance to the insurgents and agreed to seal his border with Iraq. Hussein's troops moved immediately on the trapped Kurds.

Kurdish victory in Iraq.³⁴ Such a victory would only encourage Kurdish populations in Turkey and Iran. The Kurds may have received logistical support from the CIA, but US political support was reserved for Tehran.

Meanwhile, bureaucratic changes within the intelligence community also inhibited intelligence analysis. In 1973 Charles Rudolph, one of two major Iran analysts at the CIA, fell victim to the Agency reorganization instituted by DCI James Schlesinger. A year later, as Kissinger was promoting Iran's importance in the context of Persian Gulf security, the Agency reorganized its geographical offices. Iran was relocated from its traditional geographic grouping of Greece/Turkey/Iran (GTI) to the new Persian Gulf/Iran (PGI). Analytical responsibility for the country was passed on to an Arab specialist, and the surviving senior Iran analyst, Ernie Oney, was sidetracked to a research position. In the words of James Bill, "within one fateful year, forty-five years of accumulated knowledge of Iran were lost to the Agency." Adding insult to injury, the branch library in Langley on Iran was dismantled and its books discarded.³⁵ Such changes illustrate the level of confidence that existed in Washington regarding the regime's political permanence. Iran as an intelligence topic received a low priority.

The above helps illustrate the state of the intelligence-policy relationship as it existed in Washington during the Nixon administration. The Nixon-Kissinger team was intent on implementing policy; intelligence was meant to ratify these decisions

³⁴ Details about the CIA's involvement in the Kurdish operation were included in the still classified House Select Committee on Intelligence report (Pike Report). Excerpts of the Pike Report appeared in the *Village Voice* (supplement), Feb. 16, 1976. One unidentified intelligence official with knowledge of the operation summarized American policy in regard to the Kurds as follows: "The President, Dr. Kissinger and foreign heads of state hoped our clients would not prevail. They preferred instead that the insurgents simply continue a level of hostilities sufficient to sap the resources of our ally's neighboring country. This policy was not imparted to our clients, who were encouraged to continue fighting. Even in the context of covert action, ours was a cynical enterprise." William Safire, who had access to the Pike Report, characterized the entire affair as the "sellout of the Kurds at the command of the Shah." See "Mr. Ford's Secret Sellout," *New York Times*, February 5, 1976, p. 31.

rather than inform them. "Nixon," according to one CIA analyst, "seemed more interested in the CIA for covert action than for intelligence analysis. Why not? Covert action was an extension of administration policy, while analysis often showed policy to be unwise."³⁶ In the case of Iran, the scope of the Two Pillar policy made the manipulation of intelligence and policy review procedures all the more necessary. According to Henry Kissinger, there was such resistance among Washington's foreign policy bureaucracies to the presidential directive on arms-sales to Iran that it was never fully implemented.³⁷ There were voices within the State Department and the intelligence community that also expressed concern about US reliance on one man. In May 1973, the Defense Intelligence Agency published its secret National Intelligence Survey on Iran. Though the survey itself is a stolidly optimistic document, it did note that "the major weakness of what remains very much the Shah's system, political, social, and economic, is that it has not been institutionalized. It seems to depend for its essential impetus, inspiration, and direction upon him alone."³⁸ Statements like these hardly engender impressions of long-term stability. But these concerns were consistently overruled.³⁹ Such an environment undoubtedly had a deleterious effect on those responsible for producing intelligence on Iran.

Regarding US intelligence on Iran, the legacy of the Nixon-Kissinger period was a dangerous intersection of factors. US intelligence and policy review systems were manipulated and handicapped in order to implement policy without objections. US policy, however, contributed in its own way to potential instability in Iran. In the

³⁵ Bill, *The Eagle and the Lion*, pp. 417-419.

³⁶ Anonymous CIA analyst quoted in *Christopher Andrew, For the President's Eyes Only: Secret Intelligence and the American Presidency from Washington to Bush* (New York: Harper Collins, 1995), pp. 351-352.

³⁷ Henry Kissinger, *White House Years* (Boston: Little, Brown And Company, 1979), pp. 1258-1265.

³⁸ United States Defense Intelligence Agency (DIA), Secret National Intelligence Survey (NIS), "Iran," May, 1973, in "Making of US Policy," document 821, p. 96.

words of Marvin Zonis, "the United States contributed, perhaps in decisive ways, to make the Shah into the tyrant he became. It fostered his grandiosity by building his rule economically and militarily." Moreover, the United States never attempted to protest or modify the policies of the Shah - policies that proved so offensive to the Iranian people.⁴⁰

The weakness of intelligence about Iran during this period lay not necessarily in its accuracy, but rather in the fact that it lent itself to predisposition. Intelligence assessments which characterized the Shah's position as unchallenged played into the predisposition of the Nixon administration to foster the monarch's grandiosity. Likewise, had the President or his foreign policy advisor been predisposed to limit American support for the Pahlavi system, assessments of that system which illustrated its failure to institutionalize and its finite nature could have supported such a policy.

If there is a saving grace for intelligence about the Pahlavi system during this period, it is that analysts perceived the life span of the highly personalized regime to be finite. It would have been pertinent to explore how a successor regime in Iran might have employed the dividends of US economic and military support. Such an exploration might have, in turn, moderated the levels of this support. Though this probably would not have prolonged the life span of the Pahlavi system, it might have helped to improve the image of the United States among those who overthrew it.

Intelligence Revival: 1974-1976

From 1974-1976 reporting and analysis on Iran improved. Of course, there was no prediction during this period of the conflagration to come. In part, the

³⁹ Rubin, *Paved With Good Intentions*, pp. 146-147.

improvement in reporting was a consequence of the growing consensus within the United States in general that questioned the wisdom of high levels of support for the Shah. Though considerable problems continued to plague the effective gathering of information pertaining to the political situation in Iran, by 1976 US intelligence analysts had identified a number of the preconditions of and participants in the revolution to come.

Though US foreign policy toward Iran remained largely unchanged during the administration of Gerald Ford, by the middle of the decade some people in the United States were becoming increasingly concerned about the scope and breadth of the Nixon Doctrine as applied to Iran. The *Wall Street Journal*, for instance, reported in August 1974 that some officials in the State Department believed that the US-Iranian arms agreement had achieved a unanticipated magnitude without proper consideration of “long-term consequences.”⁴¹ The *Washington Post* questioned the wisdom of US support for the Shah’s regional ambitions.⁴² There were other critics as well. Some noted the Shah’s aggressive pricing strategies during the 1973 oil shock. Liberals referred to the woeful state of human rights in Iran and the repressive nature of the regime.⁴³

Within the Department of Defense, concern about the scale of arms transfers was beginning to mount. An October 3, 1974, internal DoD memorandum stated that there were “sufficient negative indicators in relation to the Shah’s prospects to prompt the USG [US government] toward a somewhat more cautious and guarded relationship with the Shah.” By 1975, Secretary of Defense Schlesinger had become

⁴⁰ Marvin Zonis, *Majestic Failure: The Fall of the Shah* (Chicago: University of Chicago Press, 1991), pp. 260-261.

⁴¹ *Wall Street Journal*, August 29, 1974.

⁴² *Washington Post*, August 16, 1974.

⁴³ Rubin, *Paved With Good Intentions*, p. 146.

concerned enough about the situation to appoint Erich von Marbod as his personal representative in Iran in charge of overseeing all US defense activities in Iran. In September, Schlesinger informed the President and the Secretary of State that “there is some doubt as to whether our current policy of supporting an, apparently openended [sic] Iranian military buildup will continue to serve our long-term interests.” Among the Secretary’s concerns were issues of absorptive capacity, the growing US presence in Iran and the domestic reaction to it.⁴⁴

Critics of US Iran policy in the legislature also asserted themselves as Congress sought to exert more influence over foreign policy in the post Vietnam-Watergate era. Among the most vocal were Lee Hamilton, Les Aspin, Edward Kennedy, William Proxmire, Gaylord Nelson and John Culver. Congressional criticism was fueled further by academics such as Marvin Zonis and Richard Cottam, who testified about Iran’s economic inequity, poverty, corruption, repression, and the lack of popular support for the regime.⁴⁵ As if to illustrate the Iran’s domestic political problems, 1974 saw renewed activity by terrorist organizations.

For the next two years, the Mojahedin and Fedayan carried out a series of operations that included the joint assassination of a member of the Iranian security service, the assassinations of several US nationals, bank robberies, and bombings.⁴⁶ In 1975 INR returned to the subject of terrorism reporting that “the regime has not yet found effective ways to defuse dissatisfaction, which is usually expressed *sotto voce*

⁴⁴ US DOS, Secret White Paper, “Military/Security Issues: The US - Iranian Military Relationship, 1941 - 1979,” n.d., pp. 13-14. In “Making of US Policy,” document 3570.

⁴⁵ US Congress, House, Committee on Foreign Affairs, *New Perspectives on the Persian Gulf*, 93rd Congress, 1st session, 1973, pp. 70-71.

⁴⁶ Gasiorowski, *US Foreign Policy and the Shah*, p. 195-196.

because of the repression of the internal security organization.”⁴⁷ Even the generally more sensitive Embassy reporting expressed concern about terrorism, viewing acts of violence as a product of political contradictions in Iran: “Democratic and much better organized and stable societies than Iran have been able to stamp out terrorism, but in this country only the disease and not its root cause is being attacked. More assassinations and other acts of terrorism seem likely.”⁴⁸

Nevertheless, Iran’s economic progress tended to overshadow its political shortcomings. The Embassy remained sanguine about the future of the country given its rapid economic growth and despite the fact that the “economic outlook for Iran seems much brighter than the political prognosis.” There seemed no indication that Iran would begin an evolution to a more democratic system. The success of the Shah in co-opting segments of society was also worrisome. Some of these elements might have provided the leadership for evolutionary change. By electing to buy into the system, the Embassy expressed concern that elites were abdicating in favor of the radical opposition.⁴⁹ Still the basic tenor of Embassy reporting was optimistic. Revolutionary change was, as ever, something to be concerned about once the Shah left the scene. “As long as economic conditions remain relatively good,” one Embassy report asserted, “...dissidents are unlikely to significantly affect Iranian political evolution.”⁵⁰

Not surprisingly, reporting from the political section of the Embassy reflected the views of the Ambassador, former DCI Richard Helms. Helms held the post

⁴⁷ US DOS, Secret White Paper Political/Intelligence Issues, “The Strength And Durability Of The Shah’s Regime: Assessments of the Bureau of Intelligence and Research (INR),” n.d., p. 5. In Making of US Policy,” document 3570.

⁴⁸ US DOS/Embassy, Tehran, “”End of Tour Report - The Outlook For Iran,” August 4, 1975, in *DUSED* V61:31-42.

⁴⁹ US DOS/Embassy, Tehran, “”End of Tour Report - The Outlook For Iran,” V61:31-42.

during the four critical years prior to the revolution, 1973-1977.⁵¹ The Ambassador was an advocate of the Two Pillar policy and respected the Shah's reverse leverage with Washington. His reporting tended to stress the Shah's leadership qualities, his singular role from the perspective of US policy, and the monarch's command of the domestic scene. During his tenure, contacts with opposition personalities as well as in-depth political reporting on Iran from the Embassy remained a very low priority.⁵²

The appointment of Ambassador Helms should have led to greater freedom within the reporting apparatus in Iran. Here was a former DCI, a man who surely must have understood the importance of unfettered gathering of information. Yet there is no evidence that the Helms appointment led to any appreciable improvement in reporting. Embassy reports characterized most of the problems in Iran as the normal growing pains associated with a rapidly modernizing nation. But his appointment is important in another respect. While the Shah and other senior Iranian officials viewed the posting of such an important man with a direct line to the White House as a symbol of the value which the US placed on its relationship with Iran, other Iranians were not as impressed. The presence of America's former chief spy must have confirmed for many the suspicion that Washington, and in particular the CIA, was the real source of power and influence behind the Pahlavi system. Certainly, this was the view of those who succeeded the Shah to power.⁵³

⁵⁰ US DOS/Embassy, Tehran, "Iran's Modernizing Monarchy: A Political Assessment," July 8, 1976, in *DUSED*, V8: 154-173.

⁵¹ Thomas Powers, *The Man Who Kept The Secrets* (New York: Alfred A. Knopf, 1979), pp. 243-270, 295. Nixon fired Helms after the latter refused to use the Agency to bail him out of Watergate troubles. Helms was offered a position as Ambassador and chose Iran because it was a major post but not directly run from Washington. During his four year tenure in Iran, Helms made sixteen trips back to Washington, mostly to testify before Congress.

⁵² Author's interview with Richard Helms, Washington, DC, April 1, 1994.

⁵³ Bill, *The Eagle and the Lion*, p. 213.

Helms's reporting did have an impact on human rights advocates in Washington. It would have been difficult for the US to bring pressure to bear on the Shah to improve his human rights record if his regime were vulnerable to internal subversion or external aggression. But Helms's reports painted a picture of a regime that was in complete control of the domestic situation and armed sufficiently to withstand any conceivable challenge to its sovereignty, barring a Soviet invasion. If the Shah's hold on power was as complete as these reports indicated, then the more liberal and humane treatment of his opponents would not adversely effect the regime's position.⁵⁴

By the mid 1970s the prisons in Iran were proliferating, each with a high concentration of political prisoners.⁵⁵ Detention without trial and torture were the mainstays of political imprisonment in Iran, leading to the declaration in 1974 by Amnesty International that "no country in the world has a worse record in human rights than Iran."⁵⁶ The Shah no longer allowed for measurable and controlled dissent.⁵⁷

In 1975, the CIA published a National Intelligence Estimate on Iran which highlighted some of the problems associated with the Shah's authoritarianism and with the military modernization program.

We see little prospect during the next few years for a serious challenge to the Shah's authoritarian control over Iran's internal affairs and programs. Nevertheless, the Shah's monopoly of decision-making and his trend toward greater repression of opposition will incur certain political costs:

--growing alienation and dissent, including terrorism, on occasion with anti-US overtones;

⁵⁴ Michael Ledeen and William Lewis, *Debate: The American Failure in Iran* (New York: Alfred A. Knopf, 1981), pp. 77-78.

⁵⁵ Bill, *The Eagle and the Lion*, p. 187.

⁵⁶ Amnesty International, *Annual Report, 1974-1975* (London, 1975), quoted in Bill, *The Eagle and the Lion*, p. 187.

⁵⁷ Bill, *The Eagle and the Lion*, p. 186.

--limits on bureaucratic and governmental effectiveness
in implementing the Shah's ambitious objectives;
and
--the stifling of political institutions which could
maintain stability after the Shah's demise⁵⁸

The NIE also reported that "in the long run, if oil revenues do not rise significantly, there will be current account deficits due to increased expenditures in military, industrial, and agricultural sectors."⁵⁹ Furthermore, the CIA did not believe that the Iranian modernization program would be successful without significant American support for "years to come." The Agency believed that by 1979 Iran would have amassed a formidable military arsenal, including force projection capabilities into the Arabian Peninsula and a navy capable of routine operation in the Indian Ocean. "Iranian combat effectiveness," the report added, "will remain limited by lack of training and the ability to maintain sophisticated equipment."⁶⁰ Indeed, such was the Iranian dependence on expatriate personnel, that its military would have been unable to fight on a day-to-day basis without US support well into the late 1980s.⁶¹

Perhaps most significantly, the CIA concluded that such a military buildup would allow Iran to act unilaterally in the pursuit of its own foreign agenda. Such action as the Shah was prepared to take might not portend well for regional stability: "the Shah is likely to grow increasingly assertive in his foreign policies. He would risk confrontation with the Arabs, the West or even the Soviet Union in order to assert Persian primacy in the Gulf or to maintain what he considers a sufficiently high level

⁵⁸US DOS, Briefing Paper, "National Intelligence Estimate: Iran (Précis of NIE 34-1-75)," May, 1975, in the Declassified Documents Reference Service, 1994.

⁵⁹ US DOS, Briefing Paper, "National Intelligence Estimate: Iran (Précis of NIE 34-1-75)," p. 2. Another CIA report predicted that without an appreciable increase in oil revenues, "by 1979, Iran's balance of payments should be back in the red." US CIA Intelligence Memorandum, "Iran: The Shah's Lending Binge," December 1974, in "Making of US Policy," document 918, p. 7.

⁶⁰ US DOS, "National Intelligence Estimate: Iran (Précis of NIE 34-1-75)," p. 3.

of oil revenues.”⁶² Increasingly, according to the report, Iranian and American interests were diverging. As the Shah sought to remove superpower influence from the Persian Gulf, institute his own regional security arrangements, and project Iranian power, it became less likely that the United States could depend on him to accommodate US interests in a number of areas. It was predicted that the Shah might seek to end US naval access in Bahrain and deny Iranian facilities in support of fleet units. Finally, the report concluded that it was becoming less likely that the Shah would continue to supply Israel with oil in the event of hostilities.⁶³

Whether or not this analysis would have proven accurate had the Shah remained in power, the apprehension about the Shah’s proclivities seems justified. Certainly, the Shah’s ambitions were outpacing anything Washington had imagined for him. Implicit in the analysis was the possibly counterproductive consequences of American support for these ambitions. Such arguments might have yielded a change in US policy, but failed to do so. Until the Shah’s fall, there was still considerable momentum in Washington for continuity in American policy toward Iran. Advocates of the Two Pillar policy continued to stress the strategic significance of the Persian Gulf as well as the numerous constraints associated with the idea of projecting American power into the area. These views were reinforced by generally optimistic reporting from the US Embassy in Tehran.

Unfortunately, there were important reasons to question the wisdom of American support for the Shah’s foreign policy activism which were not included in the NIE. Given the Shah’s high level of autonomy *vis-à-vis* his subjects, Iranian

⁶¹ Robert Graham, *Iran: The Illusion of Power* (New York: St. Martin’s Press, 1978), pp. 177-180.

Graham also notes the poor performance of the Iranian military in Oman. Iranian troops were hampered by poor training and command and control problems.

⁶² US DOS, “National Intelligence Estimate: Iran (Précis of NIE 34-1-75),” p. 2.

⁶³ US DOS, “National Intelligence Estimate: Iran (Precis of NIE 34-1-75),” p. 3.

foreign policy reflected his priorities rather than those of his society. Many Iranians regarded the Shah's foreign adventures in Oman and the Horn of Africa as capitulation to American interests. Such views only added to the growing unrest in Iran.⁶⁴

Nevertheless, the NIE represented an improvement in reporting on Iran. Written under the direction of George Harris, who had over a decade of experience writing NIEs on Iran, the report was both thorough and critical.⁶⁵ Included was a large section on the opposition in Iran which referred specifically to the prominence of religious leaders and the growing link between these leaders and the secular intelligentsia. Though the study was the subject of debate within INR and the CIA, the original draft included what one academic with first-hand knowledge of the report called "in-depth documentation of the serious nature of the growing opposition in Iran."⁶⁶ However, while the NIE illustrated some of the problems facing the Shah's regime, the story of its review in the intelligence community demonstrates the degree of resistance in Washington toward accepting these problems as valid.

As the NIE began its journey through the community-wide review process, it ran into vigorous opposition. CIA and INR participants had to defend the veracity of the study from opposition in the Department of Defense. Analysts from the Air Force refused to accept the hypothesis that there was any serious opposition to the Shah. Though the original conclusions of the draft were upheld, the Air Force chief of staff insisted on the inclusion of a dissenting footnote in which he characterized the section on Iranian opposition as "overstated." Though the Pentagon finally accepted the NIE,

⁶⁴ Gasiorowski, *US Foreign Policy and the Shah*, pp. 207-208.

⁶⁵ According to its author, 1975 NIE was unique. Harris, an analyst at INR, had been asked by the National Intelligence Officer for the Middle East to be both the drafter and chairman of the Estimate. Author's interview with George Harris, Washington DC, November 8, 1994.

⁶⁶ Bill, *The Eagle and the Lion*, pp. 407-408.

the study met with further criticism from the Tehran Embassy which found its assessment of the Shah's stability to be far too negative.⁶⁷

The NIE nevertheless reflected the growing anxiety among those in Washington who viewed Iran as a possible generator of instability rather than a guarantor of security in the region. By 1975, the administration's Iran policy was coming under increasing attack in Congress. Late in that year, the Defense Department report for President Ford requested a reevaluation of US Iran policy. The subsequent study, however, had little effect on the course of policy. Advocates of the existing policy in the State Department and the NSC were able to moderate the impact of the study by broadening the scope into a appraisal of US policy toward the entire Persian Gulf and then guiding it into a reaffirmation of past principles.⁶⁸

There were some in Congress who expressed concern about Iran's human rights record and believed this issue should be linked to the arms-sales. Such criticism may have helped to yield one long overdue modification in American policy; a broadening of Embassy contacts.⁶⁹ By 1976, the Embassy in Iran was once again allowed greater leeway to meet with opposition personalities. The impact of this change, however, should not be over-emphasized. Aside from the guerrilla movements which were so covert and hostile as to preclude contact, there was little in the way of organized opposition in Iran with whom to meet. And those dissidents prominent enough to be known to the Embassy were under constant surveillance by SAVAK.

⁶⁷ Bill, *The Eagle and the Lion*, pp. 407-408. Bill notes with irony that shortly after the NIE was submitted, two U.S. Air Force colonels were assassinated in Tehran in May, 1975.

⁶⁸ Rubin, *Paved With Good Intentions*, p. 170-171.

⁶⁹ US DOS, Secret White Paper, "Adequacy Of Political Intelligence/ Contacts With Opposition Elements," n.d. pp. 1-2. In *Making of US Policy*, document 3570.

If American officials had really wanted to understand the hearts and minds of those who opposed the government, then they needed to penetrate the *dowrehs* and the *hay' ats*. The *dowrehs*, or "circles," were informal gatherings of like-minded men and woman who met to discuss subjects of common intellectual interest. Often, these *dowrehs* were devoted to the discussion of politics or Islamic philosophy. Among the urban masses, *hay' ats*, informal neighborhood associations, were formed in order to provide common support. Here, activist mullahs, eager to reach the urban poor, would give a sermon, or the group would listen to one of the many recorded on audio cassettes by popular - often dissident - preachers.⁷⁰ Building significant contact networks among these, if indeed there were an intention to do so, would be a long and arduous process.

The most severe criticism of the administration's policy came in 1976 in the form of a Senate Committee on Foreign Relations staff report on US military sales to Iran. This report raised a number of concerns about both the level of arms-transfers to Iran and the political environment fostered by the administrations of Nixon and Ford which inhibited in-depth analysis of the potential consequences of this policy. The report stressed a concern about the capabilities of the Iranian military to absorb sophisticated military equipment:

- The Government of Iran was attempting to create a modern military establishment in a country that lacked the technical, educational and industrial base to provide the necessary trained personnel and management capabilities to operate such an establishment. Additionally, Iran lacked the infrastructure (ports, roads, rail) and construction capacity to implement these programs independently.

⁷⁰ Mottahedeh, *Mantle Of The Prophet*, p. 347.

- Most “informed observers” felt that Iran would not be able to absorb and operate a large proportion of the equipment within the next five to ten years without the support of increasing numbers of American advisors; this support would not guarantee success.
- The blank check offered by President Nixon effectively exempted Iran from the arms-sales review process. While this lack of policy review from responsible individuals in the DoD, the State Department, the US military mission in Iran, or the Embassy fostered a lack of day-to-day control over events, it “created a bonanza for US weapons manufacturers” and other interested parties in the DoD.
- The presence of large numbers of American nationals in Iran had already given rise to socio-economic problems and could help to incite anti-Americanism, especially “if there were to be a change in government.”
- While the State Department and the Embassy had taken strong positions on the issue, “senior State Department officials appear not to have been prepared to tolerate open debate on the possible adverse implications of unrestricted arms-sales to Iran.”
- Within the DoD, more critical opinions on the Iran issue were voiced by those with responsibility for policy formulation, training, logistics, and supply.

The study concluded that from 1972 to 1975 arms sales to Iran had been “out of control.” Yet it offered few suggestions about how the United States might modify its existing policy without precipitating “a major crisis in US-Iranian relations.” The United States was effectively locked into its relationship with Iran. By giving the

Shah a blank check for weapons, Washington had surrendered the one remaining area in which it still might have exerted significant leverage. The Shah underscored this point himself when he responded that Iran should be the only judge as to what it required for defense. Rhetorically, he asked if the United States could afford to “lose” Iran. “Do you have any choice?” If the United States did not stand by its friends the result would be “a nuclear Holocaust or more Vietnams.”⁷¹

Despite reassurances that the pace of arms-sales would continue into the next decade, Washington’s mood of reassessment worried and angered the Shah, and he responded in kind. In May, INR reported that the Shah had begun to allow “unusually severe criticism of the United States” in the Iranian media, “raising public questions about the bases of the alliance and US reliability.” These criticisms were sweeping, and associated the US with problems ranging from “such important constraints as the depressed world requirement for heavy crude, the inflation of Iran’s armaments cost because of design modifications it has requested, and Iran’s inability to digest vast quantities of military equipment or even to clear these imports through its ports.”⁷² Such criticisms probably only added to the growing anti-Americanism in Iran.

The intelligence community was also reassessing its approach to Iran toward the end of the Ford administration. “FOCUS-Iran” was an overall review of US intelligence reporting on Iran. The assessment committee was chaired by the CIA and included participants from all the relevant members of the intelligence community. While the review found that “generally speaking, reporting from the Mission on most

⁷¹ *Washington Post*, August 7, 1976.

⁷² US DOS/INR Secret Report, “Iranian Outlook,” May 4, 1976, in ‘Making of US Policy,’ document ?, p. 1. INR held that these comments, to which the Shah had lent his own name, were designed to test US resolve and elicit a reaffirmation of US support for Iran, remind the US of who its friends are, and

topics is very satisfactory," a number of problems were identified. The review found that many of the collection and analytical problems regarding Iran stemmed from the nature of the Iranian power structure, namely the absolute position of the Shah.⁷³ In the sphere of domestic reporting, the review stated:

Reporting on terrorism has been good, although we remain dependent on information provided by SAVAK. There is a continuing need for more first hand information about opposition elements. While it is a politically difficult and sensitive matter for Embassy officials to meet with identified opponents of the Shah, the Mission should have the widest possible range of contacts...A better understanding is needed of how ordinary Iranians perceive their situation. For example, when the anti-corruption and anti-inflation campaigns began, the Mission provided good reporting of the effects of these drives on Iranian businessmen. Such reporting has diminished...Similarly, we need more first hand information on the grass-roots impact of the economic development plans. Have there been tangible economic gains at the village level?⁷⁴

Among other domestic concerns, the review sought a greater understanding of the level of internal dissidence, the success which terrorist groups had in attracting adherents, the success of SAVAK's anti-terrorist efforts, and the level of anti-Americanism. Significantly, the review asked if "the growing number of US military and contract personnel impacted adversely on Iranian attitudes toward the US?"⁷⁵ According to the review, reporting offices in the Mission were both understaffed and overtaxed. Moreover, there existed an environment of rivalry in which different sections and organizations were reluctant to share information with each other. The

prepare the Iranian public for an "austerity campaign" for which the United States indirectly would be the villain.

⁷³ US CIA, David H. Blee, National Intelligence Officer for the Middle East, to Ambassador Edward S. Little, Chairman of Human Resources Committee, Central Intelligence Agency, Secret "Reporting Assessment-FOCUS Iran," November 4, 1976, in *DUSED*, 8:140, pp. 1-2.

⁷⁴ US CIA, "Reporting Assessment," p. 4.

⁷⁵ US CIA, "Reporting Assessment," pp. 2-3.

Military Advisory and Assistance Group (MAAG) was singled out for particular criticism on this score.⁷⁶

What is clear from a careful reading of the "FOCUS-Iran" review is that American intelligence experts did not have the answers to many of the right questions. The institution of economic austerity and anti-corruption programs in the mid-1970s had contributed to the unrest simmering beneath the surface of Iranian society.⁷⁷ Meanwhile, economic development plans had stressed urban industrialization and neglected rural agriculture and traditional industries. The net result of these policies was a dramatic rise in rural-urban immigration, a decline in the living standards of the lower classes, and an increasingly embittered urban population which became the main base of support for the radical clerical opposition.⁷⁸ Most importantly from the American standpoint, the number of US nationals in Iran indeed contributed to a rising tide of anti-Americanism.

Despite the above problems, reporting on Iran was improving. In 1976 the CIA produced a sophisticated study on the distribution of power in Iran which examined, among other things, the role of the clergy in Iranian society. According to the study, though the Muslim clergy were at a disadvantage *vis-à-vis* the regime, they were still an important element of the opposition and "among some of the Shah's fiercest critics." While the clergy were subject to government persecution, they still controlled large sums of money derived from religious titles not controlled by the government.

⁷⁶ US CIA, E. H. Knoche, Acting Director of the Central Intelligence Agency to Jack C. Miklos, Chargé d'Affaires, American Embassy, Tehran, January 26, 1977, in *DUSED*, 8:133.

⁷⁷ Bill, *The Eagle and the Lion*, pp. 217-218.

⁷⁸ Gasiorowski, *US Foreign Policy and the Shah*, p. 199.

While the study confessed a lack of "detailed information" about the religious establishment in Iran, it estimated that there were about 100,000 members who jointly controlled about 30 million dollars in annual income.⁷⁹ The politic disposition of the clergy was defined by the Agency report as follows:

Probably no more than 10 percent of the clergy receive government support and can be counted as outright supporters of the Shah. They are probably the least influential of the clergy and are considered by many to be no better than government employees. Probably 50 percent are in outright opposition to the government and are wholly dependent on their popular following for support; this includes nearly every religious leader of any stature. The remaining 40 percent qualify as fence-sitters, maintaining a popular following but avoiding overt attacks on the government.⁸⁰

This estimate of the composition of the clergy in Iran, though difficult to verify precisely, seems reasonable. From 1963 to 1977 three identifiable groups formed within the Shi'ite religious establishment in Iran: the apolitical clergy, the moderate clerical opposition, and the militant clerical opposition led by Ayatollah Khomeini. Though these groups were fluid and overlapping, until 1975 the apolitical group was probably the largest. Increased government pressure on the clergy during the middle of the decade made the position of the moderate clerical opposition untenable. As a result, by 1976, the majority of the clergy were in outright opposition to the regime.⁸¹ Finally, as will be seen below, the financial independence of the clergy was of fundamental importance. As the historian Nikkie R. Keddie

⁷⁹US CIA, Secret Research Study, "Elites and the Distribution of Power in Iran," February 1976, in *DUSED*, 7: 1-83, p. 52.

⁸⁰US CIA, "Elites and the Distribution of Power in Iran," p. 52.

⁸¹Ervand Abrahamian, *Iran Between Two Revolutions* (Princeton, Princeton University Press, 1982), pp. 473-475.

demonstrates, the clergy's financial standing enabled Islam in Iran to become a vehicle for revolution.⁸²

The two main terrorist groups in Iran were also identified in the study in a lengthy section on the violent religious opposition in Iran. The study identified a connection between the Mojahedin-e Khalq and the Ayatollah Khomeini, who from his exile in Iraq had given his blessing to the group. It concluded that "Ayatollah Khomeini probably should not be considered the leader of the *Mojahedin*, but his support has encouraged *bazaaris* to contribute funds, and religious students who follow him are available to swell demonstrations against the regime."⁸³ The study correctly defined the group as an unlikely coalition of "Islamic-Marxists."⁸⁴ However, it made no mention of the fact that this coalition had dissolved in 1975 as the religious and Marxists factions went their separate ways.⁸⁵

In fact, the relationship between Khomeini and the Mojahedin was strained. Khomeini was suspicious of the organization's left-wing bent and he questioned its commitment to Islam. For their part, the leaders of the Mojahedin believed that Khomeini was attempting to exploit the organization for his own benefit. Despite this tension, the clerical opposition probably did encourage support of the terrorists in order to maintain some kind of armed opposition to the government.⁸⁶

Nevertheless, the Agency knew quite a bit about the Mojahedin. Engineer Mehdi Bazargan, a faculty member at the University of Tehran, and Ayatollah

⁸² Nikki R. Keddie, "Can Revolutions Be Predicted; Can Their Causes Be Understood?," in Nikki R. Keddie ed., *Debating Revolutions* (New York: New York University Press, 1995), p. 14.

⁸³ US CIA, "Elites and the Distribution of Power in Iran," pp. 54-55.

⁸⁴ US CIA, "Elites and the Distribution of Power in Iran," p. 53.

⁸⁵ Ervand Abrahamian, *The Iranian Mojahedin* (New Haven: Yale University Press, 1989) p. 163. The split within the organization seems to have been ideological. The Marxist faction gradually became more disillusioned with the anti-regime clergy, particularly Khomeini who had no love of Marxists. Additionally, the Marxists within the group continued to develop a political ideology that was incompatible with that of the more religious members. When the split came in May, 1975, it was both violent and lasting.

Mahmud Talequini, a prominent religious opponent of the Shah, were both identified as the spiritual inspiration of the organization as well as being leaders in the organization's predecessor, the Liberation Movement of Iran (LMI). According to Ervand Abrahamian, the roots of the Mojahedin reached back to the formation of the LMI by Bazargan in the early 1960s. Then, the movement had been a liberal and lay-religious group which supported Musaddiq. In founding the LMI, Bazargan was assisted by Talequini who provided intellectual and spiritual direction. The June 1963 uprising convinced some members of the LMI of the necessity for armed struggle against the regime, and the Mojahedin began to take shape.⁸⁷ While the Agency did not believe the two men to be active in the leadership of the Mojahedin during the 1970s given the constant surveillance of SAVAK, the

orientation and the activities they espoused 10 years ago seem to have come to fruition. The violent action, which they argued but were unable to carry out, has now been made possible by a much more professional approach to the business of revolution...The terrorists are both male and female, generally in their twenties and are usually college students or graduates. The technically trained appear to be prominent among them accounting, perhaps, for the increased sophistication of their bombs.⁸⁸

While the accuracy of the above is difficult to assess given the covert nature of the Mojahedin, the backgrounds of sixty-nine members of the group arrested in 1972 supports the analysis. The sixty-nine members arrested constituted roughly half of the committed membership and, therefore, represented a good cross section of the organization during that time. The group included 27 engineers; 24 university students (13 of whom were students of engineering); 4 college-trained civil servants;

⁸⁶ Abrahamian, *The Iranian Mojahedin*, pp. 149-151; Mottahedeh, *The Mantle Of The Prophet*, p. 330.

⁸⁷ Abrahamian, *The Iranian Mojahedin*, pp. 81-82.

⁸⁸ US CIA, "Elites and the Distribution of Power in Iran," p. 54.

3 accountants; 2 university professors; and 2 doctors. In terms of age, 48 members were in their twenties; only 13 were over the age of thirty.⁸⁹

Regarding the future of religious opposition to the regime, the study argued that "there seems to be little possibility of a truce between the regime and the religious community." The clerics seemed either unwilling or unable to dissuade the violently inclined. Moreover, even if the regime were able to wipe out the Mojahedin, religious opposition would continue as before. "The secularism of the government," according to the study, "and the religious conservatism of the clergy appear irreconcilable and there is little spirit of accommodation on either side." The study concluded that "the important aspect of the problem is the hostility of a large influential group which has constant access to masses of the population."⁹⁰

In response to increased terrorist activity in the middle of the decade, Iranian security forces launched a major effort to penetrate and eradicate Iranian terrorist groups. By 1976 most of the top leaders of the two main groups had either been arrested or killed and the rank and file had been decimated. The two groups would not resume significant activity until the revolution.⁹¹ In May of that year, INR classified the urban terrorist movement as "more an irritant than a serious challenge." Additionally, INR reported that "open and organized political opposition is non-existent." Yet the report added that the Shah had become more autocratic and impatient: "His tolerance for setbacks and opposition, domestic and foreign, always low, has diminished even more..."⁹²

⁸⁹ Abrahamian, *The Iranian Mojahedin*, pp. 128-130. According to Abrahamian, the mass arrests and executions of 1972 greatly weakened but did not destroy the organization. During the next few years the group was able to restructure and rebuild itself.

⁹⁰ US CIA, "Elites and the Distribution of Power in Iran," p. 55.

⁹¹ Gasiorowski, *US Foreign Policy and the Shah*, p. 196.

⁹² US DOS/INR, "Iranian Outlook," p. 3.

By the end of the Ford administration, it seemed that American intelligence analysts had cause to be optimistic about the stability of the Shah's regime. The Shah's tactics of repression had apparently succeeded in emasculating opposition to his rule. Moreover, he was in control of a loyal, large and almost omnipresent security apparatus. In the words of one scholar, "with the apparent destruction of the Mojahedin, the Fedayan, and the other guerrilla groups, the absence of overt political activity by the radical Shi'i clergy, and the continued dormancy of the Musaddiqists, Iran seemed to be politically stable at the end of 1976."⁹³

This apparent stability was, however, an illusion. In two years, the Pahlavi system would be fighting a losing battle for its own survival. Little information presented above indicated that such an event would take place. US intelligence on Iran did improve after the nadir of the Nixon era. This improvement lay in the identification of the essential short-comings of the Pahlavi system; its repressive nature, its inability to win the loyalties of the Iranian people, and its tendency to alienate this same population. Intelligence analysts were asking some of the right questions: the right answers to these questions could have guided American policy in different directions. As Ernest May notes, this may be a better standard by which to assess intelligence than accuracy.⁹⁴ In assessing the Shah's international ambitions, his appetite for arms, his methods of governance, and the violent opposition to his regime, analysts were providing a number of compelling reasons why US policy toward Iran might have been reviewed and redirected. This in turn might have changed the course of events.

⁹³ Gasiorowski, *US Foreign Policy and the Shah*, p. 196.

⁹⁴ Ernest R. May, "Capabilities and Proclivities," in Ernest R. May ed., *Knowing One's Enemy: Intelligence Assessments before the Two World Wars* (Princeton: Princeton University Press, 1985), p. 504.

That intelligence analysts were able to demonstrate a healthy skepticism about the future of the Pahlavi system illustrates another lesson of intelligence identified by May. In some instances, expertise may produce a better appraisal of the long-term correlation of forces than short-term accuracy. Indeed, long-term accuracy may contribute to short-term inaccuracy.⁹⁵ Clearly, US intelligence analysts perceived the Shah's regime to be a finite and artificial creature. In this way, they demonstrated good long-term judgment. It is debatable, however, whether or not short-term accuracy about the regime's impending fall was possible.

Predicting Revolutions

By 1977 the storm that would come to be known as the Iranian revolution was gathering. The intelligence community's non-prediction of this revolution, critics argue, stands out as an intelligence failure of the first order.

Predicting revolutions is, not surprisingly, a difficult business. True revolutions, by their nature, involve rapid and fluid political, ideological and social change; they represent a complex system of events inevitably more easily understood in hindsight than predicted in advance. Moreover, explanations of the way's in which revolutions occur are often varied and conflicting, depending on one's school of thought or mode of interpretation.⁹⁶ Certainly the Iranian revolution is no exception. Nevertheless, a constant maxim of most literature on Iran is that the CIA and the State Department, as the two agencies charged with reporting on the political and social environment in a given country, should have predicted the revolution that toppled the Shah's regime, but failed to do so because they were out of touch with the hearts and

⁹⁵ May, "Capabilities and Proclivities," pp. 518-519.

minds of the average Iranian and did not understand political realities in Iran.⁹⁷ That US intelligence agencies did not accurately gauge the anti-regime mood of millions of Iranians is correct to a point. What remains debatable, however, is whether or not the revolution could have been predicted even if State or the CIA had been in better touch with this pervasive dissent. At least one other individual with a far better knowledge of the Iranian revolutionary movement than any US intelligence agency was also caught by surprise by the revolution's success. Only a few weeks before Khomeini would return to Tehran in 1979 to form the Islamic Republic, he was telling his confidantes that the Shah would probably succeed in suppressing the revolt against his regime.⁹⁸

There is little evidence that anyone predicted the Iranian revolution. The historian Nikki R. Keddie points out that another group of individuals whose business it was to understand the Iranian body-politic fared no better in anticipating the fall of the Shah and represent a very good control group in relation to the intelligence services. US academics had done years of research in and about Iran; these included political scientists who interviewed not only government figures but members of the opposition, economists who documented serious shortcomings of the Iranian economic "miracle," and sociologists and historians who were in touch with all facets and levels of Iranian society, including the clergy. While these scholars tended to be critical of the Shah's regime and represented a counter-position to official US policy, they also failed to anticipate the events of 1978-79.⁹⁹

⁹⁶ A review of revolutionary theories applied to the Iranian revolution can be found in Mansoor Moaddel's *Class, Politics, And Ideology In The Iranian Revolution*, pp. 1-15.

⁹⁷ The best example of this school of thought in James A. Bill's *The Eagle and the Lion*.

⁹⁸ Shaul Bakhash, *The Reign of the Ayatollahs: Iran and the Islamic Revolution* (New York: Basic Books, 1984), p. 45.

⁹⁹ Keddie, "Can Revolutions Be Predicted?," pp. 27-28.

Keddie suggests that the revolution in Iran was inherently unpredictable. The circumstances that made Iran ripe for revolution were apparent for all to see. An authoritarian government headed by a widely disliked ruler; an unbalanced economy heavily dependent on oil income; runaway urban-rural migration; income distribution gaps; political persecution; all of these elements helped to set the stage for revolution. Yet these qualities were hardly unique to Iran; they existed in much of the developing world.

Keddie asserted that Iran differed from other countries in three significant ways:

First, the evolution of Shi'ite institutions in Iran lent themselves to control by a single revolutionary ruler. In the sixteenth century, the clergy began to develop their own ideological and economic power which allowed them to assert the independent claims of the clerical state. This trend was strengthened in the eighteenth century as the clergy moved to the holy cities of Iraq, further detaching themselves from the control of the state in Iran. During this time, a school of thought developed asserting that every believer must choose a qualified religious jurist to follow. This tradition, which has no counterpart in the Sunni faith, laid the ideological basis for the power of a cleric over the faithful and the revolutionary potential of Shi'ism. Additionally, the economic independence of the clergy, discussed above, was never undermined by the Shah and thus allowed for a level of political independence not seen in other countries.¹⁰⁰

Secondly, Keddie believes that the distinctive character and actions of the Shah contributed to the inherent unpredictability of the revolution. His regime was the product of the intervention of the United States and Britain. In subsequent years,

these two nations, particularly the US, would encourage the Shah's despotism through "almost unconditional military and political support." Increasing oil income encouraged the Shah's grandiose schemes while obviating the problems created by unrealistic and socially disruptive reforms. Yet the forces leading to royal autocracy were intermingled with characteristics of the Shah that would undermine the same autocracy. He believed that the United States and Britain could and would control events in Iran. His vacillation prevented him from defining a coherent strategy to deal with the crisis or even to use effectively those tools that were at his disposal. According to Keddie, "the Shah was neither mentally nor organizationally prepared for revolt and had no plausible policy with which to meet it."¹⁰¹

Finally, Keddie argues that the contradictions between the growing autocracy and the socioeconomic forces of change in Iran were so severe as to cost the Shah the support of all social classes. Indeed, those elements of society generally associated with counter revolution were part of the revolution in Iran. The White Revolution and actions taken by the regime in the 1970s confirmed the opposition of those elements already at odds with the Shah. But these actions also drove elements of society who might have supported the *status quo* into the opposition as well.

The combination of these features made Iran distinctive. Yet, Keddie, argues, there was little in the experience of Iran to indicate in advance the importance of these elements. Additionally, the outcome in Iran was "largely determined by a complex interaction of events during a long revolutionary period." Keddie concludes that, to date, "the Iranian revolution is unique in its accession to power of a traditional religious group with a reconstructed traditional-modern ideology." With the benefit

¹⁰⁰ Keddie, "Can Revolutions Be Predicted?," pp. 11-17.

¹⁰¹ Keddie, "Can Revolutions Be Predicted?," p. 16.

of hindsight, the causes of the revolution may be traced, but the distinctive nature of the revolutionary forces combined with the variables of personalities and actions militated against its prediction.¹⁰²

In response to Keddie's argument, the sociologist Jack Goldstone asserts that the failure of analysts to foresee the Iranian revolution lay in the failure of area experts to understand the process of revolution as opposed to the causes. In Goldstone's view, there are no fixed characteristic causes of revolution. However, the "trajectory" of revolution may be tracked if one understands the characteristics of the process of revolution. Goldstone believes Keddie's assessment of the distinctive nature of the evolution of Shi'ite institutions to be proof that area experts suffer from a lack of theoretical training. Though an Islamic expert might have lacked the historical example which might have identified the revolutionary potential of Shi'ite institutions, students of the English Puritan Revolution of 1640 are familiar with the phenomenon of religiously-inspired revolt: "a comparative revolutions expert might thus have had a better grasp of the possibility of upheaval in Iran in the late 1970s than most Iran specialists, who lacked a familiar point of reference."¹⁰³

The historian Roy Mottahedeh notes that the impact of religion on urban lower and middle classes is difficult to assess. Those who migrate from the countryside to the city in search of a better life may reject religion or embrace it. This was as true for Iran in the 1960s as it was for England during the Industrial Revolution. In both cases, however, those who were religious, were so with a new intensity. In England, migrants embraced Anglican evangelicals and the Methodists

¹⁰² Keddie, "Can Revolutions Be Predicted?," p. 23.

¹⁰³ Jack A. Goldstone, "Predicting Revolutions: Why We Could (And Should) Have Foreseen The Revolutions Of 1989-1991 In The USSR And Eastern Europe," in *Debating Revolutions*, Nikki R. Keddie ed. (New York: New York University Press, 1995), p. 43.

who seemed far more concerned with their destiny than did the government or the upper class. Like the Methodists of nineteenth century England, the clergy in Iran in the 1970s stressed the need to provide for the poor and downtrodden, as well as the preference of the government and the wealthy for worldly goods rather than compassion.

In both historical examples, notes Mottahedeh, the effect of such religion on politics is not easily measured. Did Methodism in England provide for more social discipline and the avoidance of revolution? Was religion a consoling substitute for failure of political reform in the early part of the nineteenth century? Or, did chapel religion give its members a political consciousness which allowed for the eventual formation of political parties and the organized pursuit of their interests?

In Iran, the burden of religion on the urban masses was no less enigmatic. What was clear, however, is that the lower classes formed *hay' ats* in order to look after one another. As time passed, these associations forged an identification with the religious establishment which, in contrast to the government, seemed concerned with their plight. The activism of the mullahs helped to change their image. And when they spoke of government persecution, the interests of the clergy and the interests of the poor seemed to coincide. When, during the revolution, the urban lower classes flooded the streets of Tehran, many marched as members of their *hay' at*.¹⁰⁴

Goldstone identifies a conjunctural model of revolution including three conditions: (1) the state loses effectiveness in its ability to command; (2) the cultural elites of society are alienated by the state; (3) there is the potential to mobilize a large

¹⁰⁴ Mottahedeh, *The Mantle Of The Prophet*, pp. 354-356.

or strategic proportion of the population. When all of these conditions are present, revolution is likely.¹⁰⁵

US intelligence agencies reported the existence of all of these preconditions for revolution but failed to foresee the Islamic revolution. Were US analysts victims of the theoretical shortcomings of area specialists as Goldstone suggests? In 1975 the CIA alerted policy makers to the “limits on bureaucratic and governmental effectiveness” that were likely to arise as a result of the Shah’s monopoly on the decision-making process and repression.¹⁰⁶ The alienation of the intelligentsia had been a recurrent theme of US intelligence on Iran for over two decades. And clearly, there was the potential mobilize a large proportion of the urban population for protest actions. Yet few of the indicators were so acute as to signal an imminent revolution in 1976-1977. As Keddie again notes, the regime, for all practical purposes, remained in effective control until 1978. And while there was a large and disaffected population weighting to be mobilized, this occurred spontaneously. One cannot predict a revolution that has already begun.¹⁰⁷ The Iranian revolution was essentially a spontaneous event.

To a certain extent, the intelligence community’s non-warning was the product of what Mohsen Milani calls “theoretical glaucoma.” Yet this assertion is probably more valid when applied to the United States foreign policy establishment. In short, this “glaucoma” represents a fundamental set of assumptions about modernizing in the Third World which are out of step with the cultural realities of a given country.¹⁰⁸ While most policy makers (beginning particularly in the Kennedy

¹⁰⁵ Goldstone, “Predicting Revolutions,” p. 42.

¹⁰⁶ US DOS, Briefing Paper, “National Intelligence Estimate: Iran (Précis of NIE 34-1-75),” p. 1.

¹⁰⁷ Keddie, “Response To Goldstone,” in *Debating Revolutions*, p. 71.

¹⁰⁸ Mohsen M. Milani, *The Making of Iran’s Islamic Revolution: From Monarchy to Islamic Republic* (Boulder: Westview Press, 1994), p. 10.

administration) held that economic development and increased prosperity would provide a defense against internal dissension, analysts in INR and the CIA viewed with skepticism its value if not accompanied by concomitant political development. This analytical framework was most prevalent in the work of INR in the late 1960s, and follows closely Samuel Huntington's theory of uneven development as a cause of revolution.¹⁰⁹ At least one prominent historian refers to Huntington's theory as an explanation for the Iranian revolution.¹¹⁰ It was this skepticism about political underdevelopment that helped to foster American pressure on the Shah to liberalize in the 1960s.

Another discrepancy between the assumptions of the intelligence community and policy makers can be found in the way they viewed Iranian institutionalization, a topic also explored by Huntington. While both communities tended to agree that the Shah's White Revolution would destroy the institutions which joined the state and civil society, intelligence analysts tended to be far less sanguine about the Shah's ability to build new ones. American policy makers remained satisfied with the assumption that the monarchy could provide a cohesive institution for governance. In contrast, intelligence analysts viewed the life span of the monarchy as the same as that of the Shah. This is apparent in the continual concern about succession after the monarch's death. As recently as 1975, the CIA was predicting that the Shah's death would lead not to a smooth succession but to competition for power and serious instability.¹¹¹

¹⁰⁹ Samuel Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968).

¹¹⁰ Abrahamian, *Iran Between Two Revolutions*, pp. 419-449.

¹¹¹ US DOS, Briefing Paper, National Intelligence Estimate: "Iran" (Précis of NIE 34-1-75), p. 1.

More important, however, was the continual documentation by the intelligence community of the Shah's failure to build mass participation through official political parties. As noted above, The New Iran *Novin* party had been viewed by most Iranians and American intelligence specialists alike as an artificial creation designed to project the power of the regime.¹¹² In 1975, the Shah arbitrarily replaced the now ossified NIP with the Resurgence *Rastakhiz* party. The Shah made party membership mandatory in the hope that the Resurgence party might stimulate broader political participation, a hope which the CIA viewed as unrealistic. Like the NIP before it, the CIA viewed the new Party as little more than a vehicle for the politically ambitious to prove their worth to the regime.

The regime's inability to institutionalize the monarchy extended to the educational system, where the Ministry of Education systematically attempted socio-political indoctrination which included support for the Shah, the regime, the White Revolution and modernization. According to the CIA, there existed little support among both teachers and parents for the goal of encouraging identification with the Shah and the Royal Family; "efforts of educators," the Agency reported, "to foster a sense of patriotism, nationalism, and identification with the regime in schoolchildren must contend with a passively cynical and pragmatic atmosphere. According to the same study, a report undertaken on the direct order of the Shah found that the majority of students, (presumably at the university level), "wanted a republican form of government and believed that the Shah's personal control over the governmental process led to mismanagement, misgovernment, and corruption. The report concluded that a great many of the school-age youth were so thoroughly brainwashed

¹¹² See Chapter 3.

as to be considered hopeless.” The CIA concluded that the Shah may have written off the support of much of the present generation.¹¹³

If the intelligence community was able to highlight areas of disjunction between civil society and the state, including the alienation of the middle classes and the intelligentsia, it was also not blind to the pitfalls of economic development as it relates to rising expectations. According to James Davis, the risk of revolution rises when a period of economic development is followed by an economic downturn. Davis’s J-curve hypothesizes that such a reversal widens the gap between expectation and gratification, the consequence of which is mass dissatisfaction and possibly violence.¹¹⁴ Here one is reminded of a number of intelligence reports produced since the Shah declared his White Revolution which warned of just such an eventuality. In 1969, the CIA had warned that, though the Shah was able to attract the support of members of the once-restive middle class, their support was based not on devotion to the regime but on economic reward; “an economic recession” the Agency concluded, “could quickly reduce their sense of commitment to the regime.”¹¹⁵ The prevailing view of the intelligence community up until the early 1970s was that economic progress would not provide a viable substitute for political participation and would probably accelerate the demand for it.

Finally, it cannot be said that the intelligence community was completely blind to the political activism of the clergy. Keddie argues that Iran proved more susceptible to Islamic revolution because of the unique way in which Shi’ite institutions developed. Evolving from a “quietist way” that precluded political

¹¹³US CIA, Report, “Iran in the 1980s,” August 1977, p. 52.

¹¹⁴ James Davis, “The J-Curve of Rising and Declining Expectation as a Case of Some Great Revolutions and a Contained Rebellion,” in Hugh Davis Graham and Ted Robert Gurr, eds., *Violence in America* (New York: Signet, 1969), pp. 671-709.

¹¹⁵US CIA, NIE 34-69, “Iran,” p. 3.

participation into a more politicized movement around the 16th century, Iranian Shi'ism developed increasing economic and ideological independence.¹¹⁶ The CIA was very aware of the clerical opposition which led to the crisis of 1963. A decade later, the CIA outlined the continued opposition of the clergy to the regime, the economic support they received from the *bazaaris*, and the government's inability to co-opt the clergy.¹¹⁷ In 1977, the CIA reported that "the clerical middle class...is very much alive, although under increasing pressure from the government...Their roots are in traditional Islam, and their constituency and support are found in the lower classes, the traditional middle classes, and the modern middle class. They represent the religion of the people as contrasted with the religion of the government." Though the government was doing all it could to reduce the power and influence of the clergy, the CIA held that "under some circumstances, such as a crisis calling into question the survival of the country or of religion or a protracted dispute over succession to the throne, the traditional clerical class could make a strong comeback."¹¹⁸ As will be seen in the next chapter, analysts at INR accurately evaluated the strength of the religious opposition early on in the crisis.

The same 1977 CIA report noted a trend among "students, scholars, and professionals who are turning back to Islam as a solution to the alienation they feel." These groups did not reject modernization so much as Westernization, seeking to interpret the modern world through traditional Islamic terms rather than through concepts borrowed from Europe. On the campus, the report continues, this trend had been especially notable. In the view of the religiously-minded, "the Shah is an

¹¹⁶ Keddie, "Can Revolutions Be Predicted?," pp. 11-13.

¹¹⁷ US CIA, "Elites and the Distribution of Power in Iran," p. 52.

¹¹⁸ US CIA, "Iran in the 1980s," pp. 24-25.

enemy, for in spite of his frequent appeals to religion, they believe he sees religion as a barrier to modernization and is determined to stamp it out.”¹¹⁹

None of the above, of course, should be confused with the prediction of revolution in Iran or even the warning that such an upheaval might be imminent; for neither a prediction or a warning existed in the mid to late 1970s. US officials did not understand Iran in many ways. They were woefully ignorant of her culture, language, and of the mobilizing power of Shi'ism. To make matters worse, American policy was predicated on a superficial stability in Iran to such an extent that policy restrictions effectively handicapped the collection and dissemination of intelligence which might have painted a more accurate picture of the Shah's Iran. But what a handful of intelligence analysts had documented since 1953 was that the Iranian body-politic was not healthy, even if the exact illness could not be defined. What the above does demonstrate is that when the Shah found himself at odds with a society which had been alienated by his policies for some three decades, intelligence analysts were not taken entirely by surprise.

The reasons for this non-warning of impending danger in Iran are varied and have been explored above. For two decades the CIA and INR had expressed grave concerns about the Shah and his style of rule. In the late 1960s, American policy and intelligence on Iran began to diverge. At this critical juncture, President Nixon and Henry Kissinger came to power determined to tame the bureaucracies. Once tamed,

¹¹⁹ US CIA, "Iran in the 1980s," pp. 40-41. To illustrate this point, the author of the report included a passage written by a prominent Iranian intellectual Jalal Al-Ahmad: The schools, he writes, produce "men without faith - void of fire and enthusiasm - the listless tools for the government of the moment...and it is because of this that the theological schools and Islamic religious centers have suddenly come to life and flourished in the past decade, since in these schools at least no one senses danger to the faith of the youth...those university institutions that have to do with technology and applied science...at their most advanced levels of training merely produce good repairmen for Western manufactures." It is an impressive illustration. Though Al-Ahmad was little known in the West, Mottahedeh argues that he was one of the most influential and complex Iranian intellectuals who turned to religion in the 1960s and 1970s. *The Mantle Of The Prophet*, p. 287.

Barry Rubin notes, the bureaucracies simply reinforced the views from above. Analysts were given every incentive not to cause problems or raise doubts about the viability of the regime.¹²⁰ Further undercutting the efficacy of intelligence were the varying scandals of the late 1960s and 1970s. Nevertheless, it remains that US intelligence specialists had enough evidence to point to a possible conflagration in Iran. Taken alone, political underdevelopment, chaotic economic development, rapid demographic change, or the sheer unpopularity of the regime might all have been harbingers of instability. The sum of this evidence should have produced more concern than it did among intelligence analysts and policy makers alike. Yet skepticism about the Shah and about stability in Iran was not a popular quality in Washington. For almost two decades, intelligence analysts had been “the boys who cried wolf.” So it was that the intelligence community documented the Shah’s crisis of legitimacy without ever calling it such.

There was no historical example in the twentieth century by which analysts could gauge the events of 1978-1979. The Iranian revolution stands out as a distinctive historical event. Prior to Khomeini’s triumph, there existed only one pattern for this kind of radical change in the twentieth century, revolution from the left. The idiom of religion as a mobilizer of revolutionary movements from the right is a phenomenon defined in this century, more or less, by the Islamic revolution in Iran. Though US intelligence agencies did not foresee the Islamic revolution, they were not entirely blind to the weaknesses inherent in the Pahlavi system.

¹²⁰ Rubin, *Paved With Good Intentions*, p. 184.

Chapter Five

Carter, National Intelligence, and the Iranian Revolution

On the last day of 1977, President Carter declared Iran to be “an island of stability in one of the more troubled areas of the world.”¹ Just over a year later, the regime of Muhammad Reza Shah Pahlavi had fallen in the wake of a popular revolution inspired by the conservative religious community. Yet only in November 1978 did the foreign policy establishment in Washington become aware that the regime in Tehran was faltering.

The fall of the Shah has been widely cited as an intelligence failure of the first order. This accusation has been derived largely from the accounts of senior policy-makers who, in defending their belated and limited response to the crisis, blamed a lack of intelligence.² This chapter examines the flow of information in national intelligence channels and examines the subsequent policy response to events as they unfolded in Iran. This examination will reveal that there was accurate, and in part, timely intelligence at the disposal of policy-makers; yet, this information was unable to redirect long standing policy predispositions in Washington.

Prelude: 1976-1977

¹ Jimmy Carter, *Keeping Faith: Memoirs Of A President* (Toronto: Bantam Books, 1982), p. 436.

² Carter, *Keeping Faith*, p. 436; Gary Sick, *All Fall Down: America's Tragic Encounter With Iran* (New York: Random House, 1985), p. 90-91; Zbigniew Brzezinski, *Power And Principle: Memoirs of the National Security Advisor, 1977-1981* (New York: Farrar, Straus, and Giroux, 1983), p. 463-464.

The election of Jimmy Carter in 1976 was accompanied by a long overdue reappraisal of the way in which the US conducted its relations with Iran. In part, this change was a reaction to the limits that had been placed on the bureaucracies during the Nixon-Kissinger-Ford period. It was also due to the new administration's emphasis on human rights. During the period immediately preceding the Islamic revolution, The Bureau of Intelligence and Research (INR) and the Central Intelligence Agency (CIA) produced a number of reports that described cracks in the edifice of the regime. Unfortunately, these reports would be too little, too late to redirect American foreign policy toward Iran, and President Carter would continue to sustain a policy of US-Iranian codependency and a high level of support for the person of the Shah.

In early 1977 the State Department became concerned about Iran's mounting economic difficulties and the tensions produced by the modernization program. In support of the new focus on human rights, the Embassy began to broaden its contacts among moderate opposition figures. Though the Embassy made no secret of these contacts, it did not advertise them either. By the fall of 1977, the Shah was preparing to visit the United States, and anti-regime demonstrations in Iran and the US persuaded the State Department of the wisdom of "pursuing contacts with the Shah's opponents in a more determined way, regardless of the reaction of the Iranian government." By the time the revolution began, the Embassy was meeting with "several opposition politicians

regularly,” and was attempting more substantial contact with religious figures and leading bazaar merchants.³

President Carter’s focus on human right has been criticized by some who viewed it as an encouragement to the opposition in Iran.⁴ The merit of Carter’s human rights policy as it was applied to Iran and other countries has long been debated, and it is not within the scope of this study to explore it much further. Two things are clear , however. The new focus allowed the American Embassy in Iran an excuse to diversify its contacts with the opposition at a critical time. In this context it also allowed for more critical reporting on the regime by intelligence analysts. It is also apparent, however, that the human rights policy was never implemented in a very determined way.⁵ Like his predecessors, Carter became convinced early in his administration that the Shah was an irreplaceable ally and his style of governance was a reality that would have to be lived accepted.

During the 1976-1977 period, the CIA and INR issued reports which highlighted some of the difficulties facing the regime. While all of these reports held that the Shah, in good health, had an excellent chance of remaining in power for another decade, they also pointed to potential long-term problems. Of particular concern were such issues as

³ US Department of State (DOS), Secret White Paper, “Adequacy Of Political Intelligence /Contacts With Opposition Elements,” n.d., pp. 2-3. In “Making of US Policy,” document 3570. The paper notes the religious and bazaar figures constituted “two area of the political spectrum in which suspicion of Americans was great and in which the language barrier made inconspicuous meetings more difficult. An influential assistant of a former Prime Minister was often used to facilitate these contacts.” Security classifications have been provided where possible. The security classifications of some documents has been deleted as part of the declassification process.

⁴ Henry Kissinger is among Jimmy Carter’s most outspoken critics in this context.

⁵ James Bill believes that Carter’s mistake in Iran was not that he was not “tough” enough, but that he never followed through on his human rights policy. During his visit to Tehran in 1977 “millions of people in Iran were watching and waiting to hear some kind of meaningful statement,” but Carter essentially demurred to the Shah. James A. Bill, “Understanding Political Development: Various Comments,” in Hans Binnendijk ed., *Authoritarian Regimes In Transition* (Washington DC: Foreign Service Institute, 1987), p. 22.

the succession to power after the Shah's death, economic retrenchment, and rising demands for participation among future elites.

INR identified the intelligentsia, the professional middle class, and religious conservatives as those groups expressing dissatisfaction with the Shah's "arms purchases and over the effects of a 'top-down' program of modernization on traditional values." Allegiance to the regime was withheld by a "substantial proportion" of these groups. However, INR believed that these segments of society would be content to wait for the Shah to pass on rather than directly challenge him. "Opposition to the regime," it was reported, "is more a state of mind than a readiness to act."⁶

The same report held that economic development would eventually pose a problem for the regime. While Iran's economic growth had been impressive, particularly after the 1973 oil hike, its very success meant that the regime could not afford an "appreciable slowing of the rate which the standard of living is rising. Yet the gap between promise and fulfillment already is widening. And it will be almost impossible for the regime to meet the rising expectations of the political elite."

According to the report, student unrest was "endemic – and growing." Unlike the reformers of the Mossadiq era, who were satisfied merely to participate in the process of economic development, INR believed the new generation of political elite was not likely to accept permanent exclusion from the decision-making process. In short, the reported states that prosperity would not guarantee long-term stability.⁷

⁶ US DOS/INR Secret Report "The Future Of Iran: Implications For The US," January 28, 1977, p. 1. In "The Making of US Policy in Iran, 1977-1980," microfiche collection in the National Security Archives, Washington, DC, document 1144. Hereafter cited as "Making of US Policy."

⁷ US DOS/INR, "The Future Of Iran," pp. 10-11.

The high level of US support for the Shah continued to be a topic of concern also. Iranians closely identified the United States with the regime and its main instrument of control, SAVAK, (the secret police). It would be difficult to establish the same intimate relationship with the Shah's successor. Should the nature of the regime change entirely, it might be impossible: "when the Shah leaves the scene – many years from now in the normal course of events or earlier if he should meet assassination – the US may lose access to the Iranian governing elite."⁸

In August 1977, the CIA produced an in-depth study entitled "Iran in the 1980s." The sixty-page study "attempts, for the most part, to be conservative," and was based on the assumptions that the Shah would be "an active participant in Iranian life well into the 1980s" and that there would be "no radical change in Iranian political behavior in the near future." Despite these rather unfortunate assumptions, the study presented a litany of problems facing the regime. By way on an introduction, the CIA asserted that the Shah's plans call for simultaneous development in nearly every field, straining every level of Iranian society and economic structure. The entire process was dependent on the Shah, his control of the decision-making process was so complete that he had become irreplaceable in reference to the drive for modernization. Despite his best intentions, the Shah had failed to institutionalize his reforms.⁹

Though it seems likely that "Iran in the 1980s," by virtue of its length and breadth, was designed for consumption by officials other than senior policy makers, it nevertheless offers an interesting cross section of the CIA's knowledge about subjects

⁸ US DOS/INR, "The Future Of Iran," p. 11.

⁹ US CIA Secret Report, "Iran in the 1980s," August 1977, p. iv. In 'Making of US Policy,' document 1210.

ranging from Iranian demographics to agriculture to the common military draftee. What is at once apparent about the study is its guarded skepticism. On nearly every topic, the author found cause for concern.

In the area of demographics, the Agency forecast that by 1980 over half of the Iranian population would be urban dwellers. In 1976 the average annual growth rate for urban areas was about 4.5 percent as compared with 1.7 percent in rural areas. In Tehran, moreover, the population had doubled every 11 years since WWII. By the mid-to-late 1980s, the CIA estimated that one out of five to six Iranians would be living in the capitol or its environs.¹⁰

Though the CIA viewed Iran's economic development with optimism, various sectors of the economy showed sign of strain. Rapid growth had caused a rise in expensive import goods and also spurred serious inflation. Industrial growth had overreached manpower and infrastructure resources. In 1975, oil revenues dropped about \$2.2 billion, compelling the government hold back on secondary development and impose priorities on other development plans. Urban unemployment, coupled with the planned importation of labor from Pakistan, India, Indonesia and the Philippines, set the stage for food and housing competition (which lagged far behind demand) and potential social unrest. Earlier CIA reports had tracked the growth of these problems since the oil boom in 1972.¹¹

¹⁰ US CIA, "Iran in the 1980s," pp. 3-6. The CIA believed the rate of population growth to be excessive but noted that the government was attempting to institute family planning programs. The success of any such programs would depend on the ability to reach more than 60,000 villages, many of which were located in remote areas. Though the regime favored a more urbanized population, the author of the study believed that the growth of smaller cities would further tax the governments ability to administer the country.

¹¹ US CIA, "Iran in the 1980s," pp., 25-31. A 1974 CIA reported inflation to be at 16 percent in the first quarter compared with 11 percent in 1973 and 6 percent in 1972. Meanwhile, urban unemployment was increasing as "sizable numbers," of unskilled workers moved to the cities in search of employment. US CIA

In themselves, these problems might have been of less concern had Iran's stability not been predicated on economic prosperity. Income distribution remained inequitable, with the majority of Iranians earning only from \$100 to \$200 annually. Other social indicators such as illiteracy and birth mortality rates demonstrated "a society facing problems and an economic structure in which industry (manufacturing, mining, construction, water, and power) contributed only 19 percent of non-oil gross domestic product."¹² Compounding these problems was the fact that oil prices were expected to continue to decline. In response to these economic problems, the regime instituted an austerity program that involved sending government inspectors into the market place to hunt for price gougers and merchants guilty of overcharging. These policies effectively harassed the *bazaaris*, a group of people who were not only at the heart of the traditional economy in Iran but also maintained close relations with the clerical community.

Closely related to these economic problems was the stagnation of the agricultural growth rate. Agriculture, according to the CIA study, was the key element in Iran's future. If Iran could not feed itself with a minimal reliance on increasingly expensive imports, then "all the other elements of the Shah's projected Great Society are meaningless." The prospects of substantial growth in this sector were not good. Continued widespread use of traditional farming methods, poor communications, a lack of capitalization, and inadequate water supplies were problems that hampered growth of the agricultural sector. The demand for agricultural products was running far beyond the

report, "Iran: An Overview of the Shah's Economy," October 16, 1974, p. 2. In "Making of US Policy," document 899; US CIA, Economic Intelligence Weekly, "Iran: Troubled Growth," May 14, 1975, pp.1-3. In "Making of US Policy," document 957.

¹² US CIA, "Iran in the 1980s," p. 25.

growth rate, and was expected to increase in the next decade.¹³ Land reform had inhibited production rather than enhanced it. Additionally, while some peasants had received their own parcels of land, several million - 35 to 40 percent of the rural population - who had never had any claim to land went without. Landlords had been replaced with government bureaucrats who were no more sensitive to the needs of the population than the landlords they replaced. Attempts to establish government cooperatives and the consolidation of rural villages were uprooting tradition patterns of life. Government management was seen as long on planning with little result to show for it. The net effects of all this was the extension of government control into the countryside and increased popular resentment. The CIA saw little hope that Iran would lessen its dependence on large-scale food imports any time in the foreseeable future.¹⁴

Finally, political institutions in Iran were seen as ineffectual, and significant portions of society continued to view the regime with cynicism and distrust. The bourgeois middle class, religious-minded and conservative, continued to be in conflict with the ruling class and resistant to the attacks on its values represented by the White Revolution. The bureaucratic middle class staffed the state administrations. In the past, this class had attended the traditional education system dominated by the clergy. While this system of education had been supplanted by the secular authorities, it was "not at all clear...that the conservatism of this class, formally reinforced by the clergy, has been affected by the secular educational system." The professional middle class included the urban members who possessed a modern higher education. The CIA characterized this

¹³ US CIA, "Iran in the 1980s," p. 7. The study put the agricultural growth rate from 1973 to 1975 at 5 percent. By 1977 the growth rate had stagnated at three percent. Bill, *The Eagle and the Lion*, p. 216.

¹⁴ US CIA, "Iran in the 1980s," pp. 7-11.

group as the one the Shah would have to rely on most in order to implement his programs successfully. This class, however, remained restive because of its exclusion from the seats of power. The CIA concluded that "if the experience of these young professionals confirms in them the same deep cynicism toward political life that their elders hold, then Iran will not have advanced much politically beyond the conditions which pertained since the government of Iran crushed the National Front in 1963."

The reference to the troubles of 1963 is evocative. "Iran in the 1980s" represents an important piece of reporting, for it specifically alluded to a good number of the precipitants of the revolution. Though the proper conclusions may not have been drawn, and though the assumptions upon which the report was based were erroneous, "Iran in the 1980s," demonstrated a remarkable understanding of the many problems facing the regime. Published months before the revolution would begin, the report gave little reason for concern in the short-term. But the veracity of the information contained within it stands.

An analysis of the warning signs of the revolution taken at the end of the revolution reflects much of the data contained in "Iran in the 1980s." Iran's population had increased from 12 million in 1945 to an estimated 37 million in 1979. Such growth was difficult to manage, half the population was under the age of thirteen, two-thirds was under 30. This led to cultural instability, problems in education and unemployment. Urbanization had become unmanageable as a result of the economic downturn in 1976. New immigrants to the cities found themselves without employment or acceptable living conditions. In terms of stability, the twin pressures of population growth and urban migration created an "urban time bomb." The White Revolution had also proven

ineffective. Though the Iranian government noted with some justification that it had dispersed about 75 percent of agricultural land to some three million peasant families, subsequent population growth made the solution non-viable. The shift to large scale agribusiness had been a “dismal failure” and further alienated the rural population. The Shah’s authoritarian proclivities produced cynicism in much of the population. In dealing with civilian officials summarily, the Shah had reduced the efficiency and effectiveness of his own bureaucracies.¹⁵

Many of these warnings were complex and difficult to assess. The fact that they were identified does not mean that they were heeded. Nevertheless, it is clear that US intelligence analysts understood that there was a potential for trouble in Iran. Events would conspire to shift these concerns from long-term to the short-term. Armed with a tacit understanding of the problems facing the Pahlavi system, US analysts were able to respond to a challenge to that system faster than previously supposed.

The Revolution Begins: January - November, 1978

A week after Carter’s New Year speech the government controlled press in Iran published an article entitled “Iran and Red and Black Colonialism” which ridiculed the Ayatollah Khomeini. In response to the article, violent demonstrations were staged in the holy city of Qom, marking what is generally acknowledged as the beginning of the

¹⁵ Abul Kasim Mansur, “The Crisis In Iran: Why The US Ignored A Quarter Century of Warning,” in *Armed Forces Journal International* 116 (January 1979), pp. 26-27.

Iranian revolution.¹⁶ Not a month passed after January 1978 without significant anti-regime riots throughout Iran.¹⁷

As early as January 29, an INR analysis of the Qom riots demonstrated considerable sensitivity to the gravity of the situation:

The recent incidents of violence in Iran are the most serious of their kind in a decade. Though they are not an immediate threat to the Shah's regime, they have put his traditionalist Islamic opponents in their strongest position since 1963. If he crushes the dissidents, he will damage Iran's relations with the US; if he does not, they will be encouraged to step up their actions against him. So far, the Shah has demonstrated considerable uncertainty about how to face the challenge.

INR described those taking part in the demonstrations as, "a broad range of traditional dissidents (Islamic conservatives, student progressives, dissatisfied intellectuals, and terrorists) and some new and potentially powerful elements (judges, lawyers, and businessmen)."

The analysis was a significant and timely warning. The violence at Qom was indeed the worst since 1963, but more importantly, the composition of those who took part in the demonstrations represented the degree to which disaffection had spread to the professional middle class in Iranian society. This class was counted among those who supported the Shah's modernization program, and their alliance with traditional dissident groups, even if only temporary, should have set off alarm bells in Washington. The analysis concluded with the ominous and prescient prediction that, "The greatest potential danger to the Shah is that he may lose control over the religious elements and

¹⁶ Sick, *All Fall Down*, p. 40. Two mullahs were among the dead in Qom. Shia Islamic tradition requires a mourning period after a death. The incident set off a recurring cycle of demonstrations at 40-day intervals that culminated in the departure of the Shah on January, 16, 1979. See John D. Stempel, *Inside the Iranian Revolution* (Bloomington, Ind.: Indiana University Press, 1981) p. 91.

their adherents, leading to the inherently more dangerous confrontation of secular modernizers against fundamentalist religious leaders -- a problem that has been avoided for almost 15 years.”¹⁸

The INR analysis echoed the preliminary conclusions of the Embassy in Tehran. Those reporting from the diplomatic section of the Embassy and the CIA station were by no means monolithic in their appreciation of events.¹⁹ In fact, significant differences of opinion existed within each. Though little CIA traffic is available prior to 1979, Embassy traffic demonstrates an initial appreciation of the influence of the religious establishment in Qom. On January 24, an Embassy cable summarized the impact of the riots as follows: “As a result of the Qom incident organized Muslim establishment is potentially in strongest position since 1963 *vis-à-vis* GOI [Government of Iran]...Organizational accomplishment of Ayatollahs in response to Qom events seems impressive.” In addition, the cable noted that the government was “demonstrating considerable uncertainty in facing up to the challenge.”²⁰

The Embassy reported on February 2 that the Shi'ite religious movement is “deeply embedded in the lives of the vast majority of the Iranian people,” and “far better organized, enlightened, and able to resist Communism than its detractors would lead us to believe.” The cable concluded that the Shah portrayed the movement as archaic but

¹⁷James A. Bill, *The Eagle And The Lion: The Tragedy Of American-Iranian Relations* (New Haven: Yale University Press, 1988) p. 236.

¹⁸ US DOS/INR, Top Secret Report, “Iranian Dissidence on the Increase” Jan. 29, 1978. In “Making of U.S. Policy in Iran,” document 3568.

¹⁹Embassy, as used here, denotes both the diplomatic and consular sections.

²⁰ US DOS/Embassy, Secret Cable Teheran, January 24, 1978 in *Documents From the US Espionage Den v* 12:2. Hereafter cited as DUSED.

was blind to the challenge it could pose as a vehicle for dissent that closely identified with Iranian nationalism.²¹

From January to May there was a stream of Embassy reporting that could have alerted the policy establishment to the gravity of the situation. This information failed to have any substantial impact on policymakers for two reasons. First, Ambassador Sullivan tightly controlled the reporting from the Embassy and was himself only gradually convinced of the magnitude of the crisis. Second, the traffic which did contain alarming information was given such a low classification that attention was not forcefully drawn to its contents in Washington.²² The practical consequence of this situation was that as lower level officials in both the State Department and the CIA became appraised of the developing crisis, the warning bells rang from the bottom of the bureaucracy. In turn, when management of the crisis reached cabinet level in late 1978, the bureaucracies found themselves at odds with their own chiefs.

During the spring and summer the intelligence community began to focus on the religious community in Iran and its political significance. A Defense Intelligence Agency (DIA) intelligence appraisal in March detailed the religious hierarchy which has "in modern times played a prominent role in anti-government activities," and outlined their demands for constitutional rule.²³ On May 11, the National Intelligence Daily (NID) observed:

There appears to be little room for compromise between the Shah and conservative Muslim opponents, who believe that reforms instituted by

²¹ US DOS/Embassy Cable in "Making of US Policy" document 01691

²² Zachary Karabell, "Inside the US Espionage Den: The US Embassy and the Fall of the Shah," *Intelligence and National Security* 8 (January 1993), pp. 43-59.

²³ US Defense Intelligence Agency (DIA) Unclassified Intelligence Appraisal, "Iran: Religious Inspired Opposition" March 29, 1978. In "Making of US Policy," document 01350.

the Shah and his father threaten the future of Islam in Iran. The Shah is gambling that his program of modernization has enough popular support to allow him to take measures against conservative Muslims - a community that, in his opinion, wants to turn the clock back to the Middle Ages.

Widespread disturbances occurred in 34 cities over a three-day period starting on May 8.²⁴ On May 10, in Qom, police forced their way into the home of Ayatollah Shariatmadari, the most prominent religious figure in Iran, killing two theological students. Given this pervasive violence and the provocative act of the security forces in Qom, it is little wonder that the CIA saw the differences between the Shah and his opponents as intractable. What is surprising is that the attention of higher level officials in Washington still had not been drawn to the situation.

A month later, another NID article predicted continued violence at the end of the last 40-day mourning period. More importantly, the article argued that the opposition was not "limited to the large conservative Muslim community. Moderate left-wing critics of the government, who are united with the dissident Muslim clergymen only in their opposition to the Shah, may encourage their followers to swell the ranks of conservative religious demonstrators." Attention focused on the widening power base of the "politicized clergy," who were successfully exploiting popular socioeconomic grievances among students and the urban working class. The article concluded that an

²⁴ US CIA, National Intelligence Daily Top Secret Article, "Iran: Civil Disturbances" May 11, 1978 in "Making of US Policy," document 01385. The report also notes that "The Shah is frustrated with his failure to contain the unrest, and seems baffled as to how to deal with the underlying causes of Muslim fundamentalist dissidence."

alliance between the moderate left and the extreme Muslim right was possible and would "be a dangerous development for the regime."²⁵

Though much more optimistic about the regime's ability to maintain stability, the DIA also noted the growing coalition of opposition groups which by August included the tacit support of the Tudeh party.²⁶

Prior to fall 1978, there was considerable division in the intelligence community, not about the makeup of the opposition in Iran, but rather how the Shah might best deal with the continuing crisis. At the State Department, the Iran desk officer Henry Precht, backed by INR, and championed by Assistant Secretary of State for Near East and South Asian Affairs Harold Saunders, favored continued political liberalization in order to blunt the demands of the opposition. This argument, however, betrayed the predisposition at State, that the radicals did not maintain significant influence over other opposition elements.²⁷ The events of June and July seemed to justify this view. These two months passed with relatively little disorder. Shariatmadari and the moderate clergy encouraged their followers to avoid demonstrations. While Khomeini continued his call for the overthrow of the monarchy, Shariatmadari declared that he could live with the Shah as long as there was a return to the 1906 constitution. By June, demonstrators seemed to be aligning themselves with Shariatmadari rather than Khomeini, engendering a false sense

²⁵ US CIA, National Intelligence Daily Top Secret Article, "Iran: Increased Religious Dissidence" June, no day, 1978. In "Making of US Policy," document 01404.

²⁶ US CIA, National Intelligence Daily Top Secret Article, "Renewal of Civil Disturbances," May 11, 1978. In "Making of US Policy," document 01472.

²⁷ US DOS, Memorandum, NEA-Harold Saunders to the Secretary, "Assessment of Internal Political Scene in Iran" August, no day, 1978. In "Making of US Policy," document 01476.

of calm.²⁸ Indeed, there appeared to be such a lull in events that Ambassador Sullivan left Iran for home leave in June and did not return until late August.

DIA, and to a lesser extent the CIA, continued to see the regime's staying power in the context of the loyalty of the armed forces and security services.²⁹ This view also seemed to be justified given the comparative calm of the summer. That INR, CIA and the DIA differed in their prescription for events is not hard to understand given the regime's own vacillation, as it initiated contradictory policies of repression and cosmetic reform designed for mass consumption.³⁰ Predicting continued violence in August, the DIA characterized the Shah's circumstances as follows: "The government will probably be able to handle the situation, but the Shah is still faced with a dilemma: How to continue liberalizing Iranian society and maintain order at the same time without cracking down too harshly on the dissidents."³¹

The calm of June-July was short-lived. In response to increasingly deteriorating economic conditions and apparent government confusion, the urban working class began to take to the streets in late June, swelling the ranks of the demonstrators, and further debilitate the economy through general strikes. By August, what had been a traditional and professional middle class protest had grown into a revolutionary movement that transgressed class boundaries.³²

²⁸Ervand Abrahamian, *Iran Between Two Revolutions* (Princeton, NJ.: Princeton University Press, 1982), p. 510.

²⁹ US House of Representatives, Subcommittee on Evaluation, Permanent Select Committee on Intelligence, Staff Report, *Iran: Evaluation of U.S. Intelligence Performance Prior to November 1978* (Washington, DC: Government Printing Office, 1979), p. 5.

³⁰Abrahamian, *Iran Between Two Revolutions*, pp. 508-509.

³¹ US DIA Confidential Intelligence Appraisal, "Iran: Renewal of Civil Disturbances" Aug. 16, 1978. In "Making of US Policy," document 01472.

³²Abrahamian, *Iran between Two Revolutions*, p. 511.

The differences between Khomeini and Shariatmadari did not go unnoticed in Washington. In a memo to Secretary of State Vance, Harold Saunders reported:

The Shah's strongest opponents come from the Shia religious leadership, split in two apparently cooperating factions, one an ultra-conservative group headed by Khomeini (exiled in Iraq) and the other by the more moderate Shariatmadari of Qom, Iran. Drawing their support from the poorer classes, the traditional bazaar merchants, single men who have been uprooted from their villages for work in the cities, and underemployed youths, the mullahs probably are also helped by covert left-wing groups.³³

Though the memo concluded that, "An early end to the disorders is not a prospect," the conclusion missing from the above analysis was that as the urban working class (who were more susceptible to the exhortations of Khomeini) took an increasing role in the demonstration, the opposition would become more radicalized, elevating the uncompromising Khomeini to an even more prominent position.

On June 1, the NSC ordered a National Intelligence Estimate (NIE) on Iran. Given the differing views of events in Iran, it is little wonder that production of the NIE became bogged down over the summer. Though the NIE has been pointed to as evidence that the intelligence community failed to grasp the situation in Iran, debate over the substance of the estimate seems to have helped coalesce opinion in the community. INR had become increasingly pessimistic over the summer. By the fall, CIA was beginning to gravitate to the State position.

The NIE placed the causes of the unrest in the rapid social and economic changes that had outpaced Iran's political development. Like the Saunders memo, the estimate defined the broad-based composition of the opposition which included two

³³ US DOS Memorandum, NEA-Harold Saunders to the Secretary, "Assessment of Internal Political Scene in Iran" Aug. no day, 1978, in "Making of US Policy," document 01476.

cooperating components: the successors to the National Front of the 1950s, supported by the urban middle class and upper class intelligentsia, and the Shia religious community, supported by lower and lower middle classes.

The NIE was by no means optimistic, though the differing views of various contributors were evident in the draft. For the first time since the crisis began the continued loyalty of the military was questioned. Yet the estimate prescribed the same contradictory response to the crisis that the regime had employed through the first half of 1978:

Even sweeping concessions will not ensure continued calm, however, for there is an almost universal tendency among Iranians, and certainly among the political and religious opposition, to interpret any concessions as signs of weakness that should be exploited rather than as positive elements of a political settlement. The Shah and the government therefor will need to couple well timed and well defined concessions with the judicious exercise of sufficient authority and force to intimidate those who, equating lenience with weakness, would further challenge the regime.

The draft did not “foresee any likely circumstances in which a government controlled by religious leaders would come to power.” Its outlook for the future seems strangely contradictory given its prediction: “If the Shah does not remain in power, we will see one or more alternative regimes, most likely a rightist military junta, but perhaps a civilian government dominated by Shia religious leaders.”³⁴

There are a number of explanations for the contradictions inherent in the draft NIE and the debate surrounding the product. The work on the NIE had actually begun in April and did not reflect current research.³⁵ As of April, there was considerable confusion as to the true nature of events in Iran. Throughout the spring, INR became increasingly

³⁴ US CIA, Unpublished draft, “Iran NIE” in DUSED v. 34:97-103.

pessimistic about the Shah's grasp on power. By September, when the unfinished draft was shelved by DCI Stansfield Turner, INR analysts believed that it was now a question of institutional collapse.³⁶ Over the summer, the CIA remained somewhat more sanguine about the situation, which it did not view as being in any way revolutionary.³⁷ These differences led INR on August 1, to state in a dissenting footnote that the Shah's prospects were "somewhat less favorable than portrayed in some parts of this NIE."³⁸

Another explanation for the confusion surrounding the NIE production has to do with the NIE process itself. A House of Representatives' evaluation on intelligence performance in 1978 found the production of an NIE to be inherently cumbersome and time-consuming. In the case of the Iran estimate, there were differences among the contributors over the length and focus of the product. As the pace of events in Iran quickened, the estimate became more of a distraction for analysts and consumers alike, given the need for current intelligence.³⁹

Finally, Iran analysts in the CIA subscribed to what James Bill calls the Pahlavi Premise -- the premise that the Shah, who had weathered so many challenges to his

³⁵ Michael Ledeen and William Lewis, *Debate: The American Failure in Iran* (New York: Alfred A. Knopf, 1981) pp. 132-133.

³⁶ Author's interview with Philip Stoddard, January 5, 1994, Bethesda, Md. As of September 1, INR had taken a definitive view of the Shah's predicament: "We expect that violent dissent from the Shah's rule will continue to disrupt Iranian Society, despite his efforts at political liberalization and other reforms. We are dubious that the Shah, in the near term, can suppress urban violence without substantial use of force. That, in turn, would further aggravate his difficulties by enlarging the circle of opposition against him and possibly calling into question the loyalty of the armed forces and security services." The analysis also noted the pervasive "cynical distrust" with which the Shah's regime is viewed and concluded that "This attitude could also infect the armed forces -- the mainstay of the Shah's power." US DOS/INR, Secret White Paper, "Strength And Durability Of The Shah's Regime" January 29, 1980. In "Making of US Policy," document 3568.

³⁷ US House of Representatives, Subcommittee on Evaluation, Permanent Select Committee on Intelligence, Staff Report, *Iran: Evaluation of U.S. Intelligence Performance Prior to November 1978* (Washington, DC: Government Printing Office, 1979), p. 5.

³⁸ US DOS/INR, "The Strength and Durability of the Shah's Regime," p. 3.

authority in the past, could do so again.⁴⁰ By contrast, INR had no full time Iran analyst during 1978.⁴¹ This absence may have been an advantage. Given the lack of any “old Iran hands” at INR, area specialists, though handicapped to a certain extent by their lack of first-hand experience, were more willing to question the durability of the Shah.

One INR analyst, in characterizing the differences between INR and the CIA, described the tone of the draft as “not optimistic ... just not pessimistic enough.” Bill Radley, director of INR, also agreed that the tone of the estimate did not adequately reflect the gravity of the crisis. He went to DCI Turner, who was also uncomfortable with the tone, and the unfinished draft was shelved in mid-September.⁴²

The dispute over the NIE, though embarrassing for the intelligence community, may have been more valuable than previously supposed. By the time the draft was shelved, opinion in the community was beginning to coalesce. On September 7, the NSC aide responsible for Iran, Commander Gary Sick, argued in a memo to the president that the reaction by Iran specialists both inside the government and in academic circles were “universally pessimistic” and that Iran may be ripe for full-scale revolution.⁴³ The next day, “Black Friday,” the Jalah Square Massacre confirmed for many the danger the Shah now faced.⁴⁴ In place of the disputed NIE, INR composed an Interagency Intelligence

³⁹US House of Representatives, Subcommittee on Evaluation, Permanent Select Committee on Intelligence, Staff Report, *Iran: Evaluation of U.S. Intelligence Performance Prior to November 1978* (Washington, DC: Government Printing Office, 1979), p. 5.

⁴⁰*The Eagle And The Lion*. pp. 379-424. In DCI Turner's view, “some of the CIA's Key analysts were hung up on the durability of the Shah.” Stansfield Turner, *Secrecy and Democracy: The CIA in Transition* (Boston: Houghton Mifflin Company, 1985), p.115.

⁴¹US House of Representatives, *Iran: Evaluation of U.S. Intelligence Performance Prior to November 1978*, p. 6.

⁴² Author's interview with Philip Stoddard, January 5, 1994, Bathesda, Md.

⁴³Sick, *All Fall Down*, p. 58.

⁴⁴Stemple, *Inside The Iranian Revolution*. pp. 115-117. Up to 20,000 Iranians gathered in Julah Square in Tehran. Troops opened fire on the crowd. Estimates of casualties vary from 122-1000 deaths. Doctors tending the wounded estimated 300-400 dead, and ten times that wounded.

Memorandum (IIM) published on September 29. The IIM stated that while the situation had quieted, "there was still considerable question ... of his [the Shah] ability to survive in power over the next 18 to 24 months."⁴⁵ Given these pronouncements, more than a month before the first NSC meeting on Iran, it is difficult to understand the lack of attention the crisis was receiving at higher levels in Washington. True, the intelligence community had substantial differences of opinion during the early months of 1978, but these had been put to rest by "Black Friday."

By October 20, the CIA's National Foreign Assessment Center reported that "the possibility of a complete collapse of government authority and the likely emergence of a military dictatorship has encouraged them [the moderate opposition] to talk to the government." However, the report continued, "those who see in the present situation an opportunity to eliminate the monarchy will continue to carry out violent action." The report concluded with the observation that the Tudeh party, the "Lazarus of Iranian politics," may once again pose a threat to the government, but that its call for a united front had been rejected by both the National Front and the religious opposition.⁴⁶

Washington's Response: November, 1978

By November 1978, a significant watershed had been reached in Washington. For those in the US government, the crisis could not have occurred at a worse time. Secretary of State Vance was heavily preoccupied with both the Camp David peace

⁴⁵ US DOS/INR, "Strength And Durability Of The Shah's Regime," p. 4.

⁴⁶US CIA, Secret Report, "Middle East and South Asia Review" October 20, 1978. In "Making of US Policy," document 1604. It is little wonder that the Tudeh call for a united front had been rejected by the other opposition groups. The religious community was staunchly anti-Communist for obvious reasons, and

process and the SALT II negotiations. Meanwhile, a policy feud developed between the Secretary of State and National Security Advisor Brzezinski over the US rapprochement with China.

Once the crisis in Iran received high level attention in Washington, the existing institutional rivalry did anything but abate. Given Vance's heavy work load, National Security Advisor Brzezinski monopolized the crisis. Brzezinski was a controversial figure in Washington. Fond of abstract strategic concepts and playing bureaucratic hardball, superficial comparisons to his predecessor Henry Kissinger are obvious. He was intensely conscious of the role Iran under the Shah played in the peripheral containment of the Soviet Union, and continued to view events within this myopic context. As one scholar put it:

There was no constellation of forces in Washington that could have prevented the Iranian revolution, but a different one might have read the signs better, acted sooner, been more successful with the Islamic successor government, and averted the hostage crisis. At a critical moment, the NSC-State Department competition weakened the United States government's ability to discern a course of action on Iran. Brzezinski's subsequent effort to hold open a particular option delayed the entire American response when the decision finally neared.⁴⁷

The NSC staff member responsible for Iran was Commander Gary Sick. Sick, detailed to the NSC from the Navy, received his Ph.D. from Columbia University in 1973. An expert on Soviet and Chinese policy in the Indian Ocean, Sick was forced to become an Iran specialist overnight. Though knowledgeable and capable, Sick was the consummate loyalist, unwilling to challenge the views of his superior.

it was a tacit alliance between the National Front and the Tudeh party that is widely cited as precipitating US intervention in Iranian domestic affairs in 1953.

⁴⁷John Prados, *Keepers of The Keys: A History of the National Security Council from Truman to Bush* (New York: William Morrow and Company Inc., 1991) p. 434.

That the crisis in Iran was being dealt with inside the Old Executive Office Building (OEOB) is significant. The NSC, as an advisory and coordinating body, is dependent on other agencies and departments for information. In addition, expertise on Iran at the OEOB was extremely low relative to the State Department and the CIA, who were becoming increasingly alienated by the national security advisor. Despite Sick's former intelligence experience in the Navy, neither he nor Brzezinski, himself highly critical of the CIA's analytical capabilities, maintained close relationships with the intelligence community. During the entire duration of the Iranian crisis, Sick spoke only "two or three times" with CIA analysts.⁴⁸ Brzezinski, on the other hand, relied heavily on back channel communications with the Iranian Ambassador in Washington, Ardeshir Zahedi, the Shah's former son-in-law. Zahedi was widely held to be ambitious and untrustworthy by others in Washington.

The first high-level meeting in Washington on Iran was held on November 2. The Special Coordinating Committee (SCC), chaired by Brzezinski included Deputy Secretary of State Warren Christopher; Secretary of Defense Harold Brown; Chairman of the Joint Chiefs General David Jones; DCI Turner; Brzezinski's deputy David Aaron, and Commander Sick. Brzezinski argued forcefully that the US should offer unrestricted support for the Shah, and that a military government would be the best option for restoring order in riot-torn Iran.⁴⁹ But neither Christopher nor Turner felt that a military

⁴⁸ Author's interview with Gary Sick, August, 1, 1993, New York, NY.

⁴⁹ Sick, *All Fall Down*, pp. 78-79. As a result of this meeting, Brzezinski telephoned both Ambassador Zahedi and the Shah to express the US's unequivocal support.

government would resolve the fundamental problems facing the Shah.⁵⁰ This meeting set up the lines for a policy feud that would continue throughout the crisis.

The same day, INR produced the most hard-hitting analysis of the Shah's fortunes to date. "Fast breaking events in Iran," the memo argued, had placed the Shah in a very tenuous position. The memo continued:

The Shah's attempts to appease his opponents have failed. The opposition is coalescing and gaining momentum, while he loses the initiative. The Shah himself has admitted in a conversation with Ambassador Sullivan that immediate action is needed to quell the turmoil, but he seems unable to make up his mind what to do. Indeed, the process of consultations with Ambassadors Sullivan and Parsons betrays his inability to come to grips with the problems that face him. So far, the Shah cannot see beyond half-measures designed to defer hard decisions. If he has convinced himself that his ideas to date represent bold gestures or sweeping changes, then he is seriously out of touch with the current scene. His reversion to the moods of depression and vacillation he displayed in the early 1950s make it doubtful that he can move to salvage what remains of national unity, unless others intervene on his behalf.

In INR's view, the Shah faced two choices: he could try to remain in Iran as a constitutional monarch with severely limited powers, or he could abdicate. Should the Shah choose the latter course, the probable outcome would be a military takeover. Regardless of the choice, the memo asserted, "the Shah's powers will be reduced. If he does nothing to channel the course of events, he is likely to be ousted."

The memo also highlighted the dilemma facing both the Shah and American policymakers. No matter how the transition of power unfolded, short-term repression would probably be necessary to end the disorders. Repression would in turn lead to continued violence, risking a total collapse of authority, and radicalizing Iranian politics.

⁵⁰Brzezinski, *Power And Principle*, pp. 363-364.

INR was skeptical about the viability of a coalition government. Khomeini, now exiled in Paris, held "almost mystical" sway over protesters. This power would prevent other political and religious leaders of a more moderate disposition from arriving at any accommodation with the Shah.

The memo concluded with two ominous points: "...only drastic measures by the Shah hold any promise for staving off a descent into chaos. Unless the Shah acts very soon, the chances of a military intervention are high. Order imposed by the Army probably would not last more than six months."⁵¹

Given this analysis, it is not difficult to understand the opposition to a military government by Turner and Christopher. The time when the Shah could have brought out the troops to crush the demonstrations, as he had done in 1963, had passed. Implicit in the analysis was the grass roots, popular nature of the revolution. The State Department began to lobby for a transition to a broadly-based coalition government.

Significantly, the Shah validated this appraisal of the situation two days later in a meeting with Ambassador Sullivan. While the Shah was pleased to have the President's support, the only product of the November 2 meeting, he was curious to know why Carter thought a military government would be successful. In the Shah's opinion, the only hope for law and order would be a coalition government that included the National Front and the moderate clergy under a constitutional monarchy. The Shah conceded that this would necessitate an open break with Khomeini. Should this come to pass, the

⁵¹ US DOS/INR Briefing Memo David E. Mark, Acting Director to the Secretary, "The Gathering Crisis in Iran" November 2, 1978. In "Making of US Policy," document 3842.

Ayatollah would probably call for a holy war that would result in a blood bath and call into question the loyalty of the military.⁵²

By early November, the CIA, the State Department, the American Ambassador to Iran, and even the Shah saw the futility of a repressive response solution to the crisis. Yet the greatest proponent for this solution was Brzezinski who had monopolized not only the crisis but the President's ear.⁵³ Note that while the policy statement of November 2 had expressed US support regardless of his course of action, the Shah understood President Carter to favor a military government.

Unable to reach a compromise with the moderate opposition, the Shah declared a military government on November 6 in the aftermath of widespread, violent demonstrations the day before. A CIA article reported that senior Iranian military officers had been pressing the Shah for firm action for some time and concluded:

Most observers--and the Shah--doubt that military rule will solve Iran's political crisis. A tough crack-down on demonstrations at this juncture could as easily provoke new violence as preclude it. The Shah expects exiled Muslim fundamentalist Khomeini now to call for a holy war, with further bloodshed the result. In such a situation the loyalty of the troops--most of them drawn from the same social class as the demonstrators--will be several tested.⁵⁴

Meanwhile, attention in Washington turned to the quality of intelligence on Iran. On November 6, a Policy Review Committee meeting (PRC) chaired by Vance dealt with the subject. Both Brzezinski and Sick believed that a fundamental intelligence failure had occurred. In Sick's view, Iran had been, "an intelligence disaster of the first order.

⁵² Sick, *All Fall Down*, p. 85.

⁵³ James Bill also argues that the Shah was aware of the futility of the use of force. *The Eagle And The Lion*, p. 236.

⁵⁴ US CIA, National Intelligence Daily Top Secret Article, "Iran: Military Government" November 6, 1978. In "Making of US Policy," document 1693.

Our information has been extremely meager, our resources were not in a position to report accurately on the activities of the opposition forces, on external penetration... or the basic objectives and political orientation of the demonstrators.”⁵⁵

Conscious that valuable time had been lost, policy-makers argued that their limited options were the result of an intelligence failure. On November 11, a handwritten, “eyes only” note from the President was delivered to Turner:

To Cy, Zbig, Stan: I am not satisfied with the quality of our political intelligence. Assess our assets and as soon as possible give me a report concerning our abilities in the most important areas of the world. Make a joint recommendation on what we can do to improve your ability to give me political information and advice. J.C.⁵⁶

Turner correctly assumed that the note was the brainchild of Brzezinski and aimed at him. Brzezinski had already restricted Turner's access to the President. Carter had written the note at the request of his National Security Advisor.⁵⁷

The story surrounding the now infamous note is a strange one. The note was immediately leaked to the press, embarrassing Turner, whose management of the intelligence community had become a subject of controversy. As Gary Sick notes, whoever leaked the note was motivated to do so in order to further undercut Turner's relationship with the president.⁵⁸ According to Turner, the note had come as a complete surprise given that just a week before the president had complemented him on the excellent work the intelligence community had been doing.⁵⁹ Regardless of who leaked the note, the resulting debate over the “intelligence failure” in Iran alienated the

⁵⁵ Sick, *All Fall Down*, pp. 90-106. Brzezinski wrote in his diary on November 5 that Turner's comments at the November 2 SCC had been “inept and vague.” *Power And Principle*, p. 367.

⁵⁶ Quoted in Turner, *Secrecy and Democracy*, pp. 113-114.

⁵⁷ Prados, *Keepers Of The Keys*, p. 438.

⁵⁸ Sick, *All Fall Down*, p. 91.

President's chief intelligence officer at a time of acute crisis for the sake of a bureaucratic end-run. For Brzezinski, the controversy surrounding the note was fortunate. With Turner either unwilling or unable to assert himself with the President, and Vance preoccupied with the Camp David negotiations, Brzezinski was able to pursue his own policy agenda relatively free of opposition on the NSC.

In declaring a military government, the Shah was playing what many thought was his last card. In fact, little changed with the new government, which maintained the divide and co-opt strategy of past months. In order to break the resolve of the opposition and encourage a compromise among the moderates, the leader of the National Front, Karim Sanjabi, was arrested. On March 13, the CIA reported the arrest noting that Sanjabi was about to announce that the National Front had joined Khomeini in his demand for a national referendum concerning the monarchy.⁶⁰

From the administration's point of view, the intelligence community was providing nothing but bad news. Intelligence reports became increasingly skeptical of the military's cohesion. In addition, these reports indicated little chance of accommodation between the Shah and the moderate opposition. On November 20 the CIA reported that "Khomeini is determined to overthrow the Shah and is unlikely to accept any compromise. His influence is now so strong that neither other clerics nor civilian opposition leaders will take actions he opposes." The report continued: "The eloquent and charismatic Khomeini has amassed wide support among Iran's 35 million

⁵⁹Quoted in Turner, *Secrecy and Democracy*, pp. 113-114.

⁶⁰ US CIA, National Intelligence Daily Top Secret Article, "Iran: Shah's Strategy," November 13, 1978. In "Making of US Policy," document 1728.

people, and has so intimidated the moderate opponents of the Shah that they have accepted his veto over their activities.”

Shariatmadari, it was noted, was the foremost religious leader in Iran and was considered a moderate. Yet Shariatmadari remained close to the Khomeini line, claiming “Khomeini represents the will of the people.” Concluding, the memo stated that Khomeini “is determined to see the Shah and the Pahlavi monarchy abolished even at the cost of throwing Iran into chaos and anarchy.”

Clearly, the CIA was not optimistic about any compromise that would include a role for the Shah. Given Khomeini's uncompromising demands, his influence over the rest of the opposition by virtue of his mass popularity precluded any accommodation. In retrospect, the CIA analysis seems astute. Though the agency recognized that the clerical community was by no means monolithic, it argued that these differences and rivalries worked against the Shah as each faction attempted to outdo the other in appealing to the demonstrators.⁶¹ In this respect, the US was facing the ghost of the Eisenhower administration. In 1953, the clergy had thrown its tacit support on the side of the Shah.

Faced with a continuing stream of pessimistic information, policy-makers chose to simply dismiss their intelligence. Various reports throughout 1978 had noted the Shah's mood swings and vacillation. On November 22, a psychological profile of the Shah concluded: “That he [the Shah] moves in one way and then the other should not be considered surprising. It is his way of grappling with pressure from all sides in a situation that has no clear solution.” Brzezinski later cited this report as further evidence

⁶¹ US CIA, Secret Intelligence Memorandum, “The Politics Of Ayatollah Ruhollah Khomeini” November 20, 1978. In “Making of US Policy,” document 1778.

that the CIA did not adequately understand events.⁶² Years later, James Bill echoed this analysis: "In late 1978, he [the Shah] stood in the path of millions of Iranian citizens in revolt against him. He did take actions, both forceful and accommodating. Nothing worked. It is no wonder that his grip weakened and his mind wavered."⁶³ Indeed, history had shown that the Shah was capable of great indecision in moments of crisis. He had acted similarly in 1953.

At a late date, frustrated policy makers dealt with intelligence which did not support their distorted views by ignoring it. The failure of intelligence occurred in Washington rather than Tehran, Qom, Isfahan, or any other part of Iran. At the heart of the situation was doctrinal support for the Shah among a number of the President's key advisers who saw in the Iranian crisis a venue for extending their control over American foreign policy.⁶⁴ The national security adviser and his staff became a filter through which information had to pass. Given the agenda that existed in the OEOB, the balance of the end product is questionable.

By late November, the time for any tenable option, either for the "iron fist" or a compromise between the Shah and his opponents, had passed. Yet the State Department and the CIA were still unable to educate the White House to the political realities in Iran. The Islamic holy month of Moharram in December would prove to be the zenith of the revolution. During Moharram, Iranians would take to the streets in the millions. Yet Brzezinski still maintained that a forceful response to the crisis would restore order and save the Shah.

⁶² Brzezinski, *Power And Principle*, p.368.

⁶³ Bill, *The Eagle And The Lion*, P. 242.

Downfall: November, 1978-January, 1979

On November 29, two important intelligence reports highlighted the looming crisis of Moharram.⁶⁵ These reports were the most grave to date and it is useful to examine them in some detail.

Entitled "The Meaning Of Moharram," the first report by the NFAC described the historical and religious background to the period, and its political significance. Ceremonies in the past, it was noted, had often been used to express political opposition. The symbolism of a 13 century old battle between Hossein, a founder of Shia Islam, and Yazid, his rival, would be exploited by opposition members. The Sermons of Moharram would be explicit in their call for the Shah's downfall. The report concluded that "many of the faithful will see themselves as warriors for Hossein against the tyrant."⁶⁶

This memorandum supplied the background for a second "alert memorandum" of the same day. "Iran -- Prospects for Moharram" carried an attached cover letter from the DCI highlighting its importance: "The following analysis is useful for the critical nature of the period up to and around Ashura (11 December); the key factors that will determine the direction events will go; and the likely near-term political ramifications if the Shah survives or does not survive."

⁶⁴ Scott Armstrong, "Carter Held Hope Even after Shah Had Lost His," *Washington Post*, October 25, 1980, p. A12.

⁶⁵ Moharram, the first month of the Islamic year, is a month of mourning commemorating the death of Hossein, one of Shia Islam's most revered founders. Hossein, the grandson of Mohammad, disputed the claim of the Caliph of Islam, Yazid, to his position. In 680 A.D., two armies met in battle on a plain called Kerbala, south of present day Baghdad. Yazid's forces vastly outnumbered those of Hossein. On the 10th day of the confrontation, Yazid's troops were victorious, and Hossein was killed. The "Tragedy at Kerbala" is at the center of the Moharram mourning period.

⁶⁶ US CIA, Confidential Intelligence Memorandum, "Iran: The Meaning of Moharram," November 29, 1978. In "Making of US Policy," document 1819.

Despairing in its thrust, the memorandum once again placed little hope on the possibility of either a military or political solution to the crisis. The report stated that Moharram,

is likely to put the Shah and Iran's new government to a test more severe than any they have faced to date...Even in calm times these observances emphasize the clerical challenge to secular authority that is integral to Shia Islam. In the current very difficult political circumstances there is a good chance that the civil unrest will develop on a scale sufficiently serious to threaten the survival of the monarchy itself.

In the view of the CIA, there was widespread expectation that Moharram would precipitate a decisive test of power between the opposition and the Shah. The report continues:

This in effect challenges the opposition to demonstrate its strength, and the Shah and the military government to counter any such display. With both sides apparently unable to find the flexibility to reach a political settlement in the near term to avert such a confrontation, we will see a serious test of the ability of the military and the security services to keep order, of their ability to maintain discipline and morale, and of the leadership and determination of the Shah.

Of the opposition, the CIA placed the greatest significance on Khomeini, whose influence over the masses of Iranians and the Shia clergy was great. Indeed, the legitimacy of other opposition members was dependent on Khomeini, who in effect, held veto over their actions. Consequently, the CIA saw "almost no chance" of a political accommodation between the Shah and the moderate opposition. The latter would be immediately discredited by Khomeini should they compromise. As the report stated:

Compromise with the more moderate clergy might have been possible until recently. In the earlier stages of the crisis the religious moderates helped to limit destructive public demonstrations; they cannot be counted on to do so now. In recent demonstrations religious leaders have in fact been unable to control their followers even when they have wanted to do so.

The report was succinct in its review of the Shah's political options. Given the influence of Khomeini, any settlement would require his seal of approval. Yet the CIA saw "no evidence to suggest that a settlement between the Shah and Khomeini is possible even in principle." Nor could the Shah rely on his past strategy of repression mixed with concessions. Reviewing this approach, the report concluded:

Despite these steps, neither the opposition nor the population generally is convinced that the Shah has the will and the strength to defend himself. He is perceived as weak, and has lost his credibility almost completely. The popular impression that the Shah is alternating between concessionary and authoritarian responses to the current crisis serves to undermine rather than promote a political settlement.

With hindsight, the analysis demonstrates considerable understanding of the Shah's position. By late November, only the most hard-line loyalists could have held any hope that the Shah would weather the revolution. The CIA saw Moharram to be the final test before the Shah, a test he was unlikely to pass, even if he survived the month. The outlook for the future was no less pessimistic:

The Shah's survival of Moharram would not change the views of Khomeini... nor would it substantially affect the extent of Khomeini's influence over the masses of Iranians. In such a situation it would remain very difficult to persuade National Front leaders to compromise with the Shah and participate in a coalition government. And it is only such a government that would have a reasonable chance of re-establishing public trust.⁶⁷

The DIA, too, saw the Moharram crisis as a critical test of the Shah's staying power. Yet the DIA position was somewhat more optimistic. That the Shah might

⁶⁷ US CIA, Alert Memorandum, "Iran--Prospects for Moharram" November 29, 1978. In "Making of US Policy," document 1818.

survive Moharram was questionable. Should he do so however, he would "increase his chances of reaching an accommodation with the moderate opposition elements."⁶⁸

Predictably, Moharram began on December 2 with widespread violence and deaths. Thousands violated the night curfew wearing white shrouds symbolizing the willingness to die. On December 5, a CIA update saw "no reason to alter our conclusions that civil unrest may threaten the survival of the monarchy." "Well orchestrated" demonstrations conveyed an "overwhelming national consensus against the Shah." Reinforcing its prior outlook, the report stated:

The Shah has shown no inclination to act decisively in the present crisis and efforts to reach a political reconciliation with his opponents in the National Front have foundered on his refusal to give up his control over the armed forces or to leave the government in the hands of a regency council. The National Front has refused to compromise their demands; moreover, they do not control the demonstrators and concessions on their part would not break the impasse. Khomeini holds sway over the demonstrators and he will not relent on his demand to end the monarchy. His call to his followers to shed their blood to overthrow the Shah and his appeal to the military to desert will only increase pressure on the military by the demonstrators. There appears little chance between now and Ashura of a political solution short of the Shah's removal."⁶⁹

The above reporting had little impact at the OEOB where a coherent assessment and response to the crisis still did not exist. Faced with well organized demonstrations on a massive scale, Brzezinski became convinced that the Soviets were orchestrating events. Brzezinski's evidence for this was outlined in an article in the *New Republic*

⁶⁸ US DIA, Intelligence Appraisal, "Iran: The Month Of Moharram" November 29, 1978. In "Making of US Policy," document 1820.

⁶⁹ US CIA Alert Memorandum, "Iran--Update on Moharram" December 5, 1978. In "Making of US Policy," document 1865.

entitled "Who's Meddling in Iran?"⁷⁰ The CIA found no evidence of any foreign involvement: "There is no evidence to substantiate the claim voiced periodically by moderate opposition leaders and members of the government that behind the pattern of events lies the guiding hand of 'foreign elements,' 'leftists,' or more specifically, the Tudeh Party."⁷¹ Brzezinski reproduced the article and distributed it to the President and other top policy advisors, were apparently, it was well received. According to Gary Sick, at a critical moment the article attained the status of a key policy document.⁷² Fault lines in Washington continued to be defined. Now backed by Energy Secretary James Schlesinger and Defense Secretary Harold Brown, Brzezinski continued to lobby for a military crackdown. At State and the CIA, some believed this persistence was placing the US on the losing side of events.

Futile debate of this kind finally brought about a long overdue reappraisal in the White House. At the urging of Treasury Secretary Blumenthal, former Under Secretary of State George Ball was brought in to make an independent appraisal of the situation. Rather than dashing off to Tehran, Ball spent a frantic two weeks talking to the Pentagon, the State Department, and the CIA. On December 12, Ball presented his report to the President. Entitled "Issues And Implications Of The Iranian Crisis," the report confirmed the views of State and the CIA. Highly critical of the Nixon Doctrine, Ball argued that the US must claim much of the responsibility for the Shah's megalomania. The report was not optimistic about the use of force: "The Shah has been irreparably

⁷⁰ Robert Moss, "Who's Meddling in Iran?" *The New Republic*, December 2, 1978, pp. 15-18. Moss was described to Sick as a "professional anti-Communist polemicist." These tenuous allegations of Soviet involvement are based on very little evidence indeed.

⁷¹ US CIA, Intelligence Memorandum, "Opposition Demonstrations In Iran: Leadership, Organization, And Tactics" December 21, 1978. In "Making of US Policy," document 1952.

damaged by recent events. He cannot regain his absolute power position except through violent repression that could turn Iran into another Lebanon.” Any attempt to use the military to preserve the Shah would run the risk of a complete breakdown of loyalty among the troops.

Ball recommended two courses of action. First, the Shah should transfer unconditional power to a Council of Notables which represents the will of the people and would be capable of negotiating with Khomeini. Second, the CIA should “begin exploring immediately the possibility of establishing a disavowable channel of communication to Khomeini and his entourage. At some point we will probably need to send and receive messages; if the mechanism is to be in place when it is needed, we should start now.”⁷³

Both proposals were anathema to Carter and Brzezinski, neither was accepted. At the heart of the Ball report was the reality that the Shah had no future governing Iran. Yet even at this late date, this was a reality Carter and his national security advisor were unprepared to accept. An independent review had confirmed what Iran specialists at both State and the CIA had argued since October; the destiny of Iran lies with an aging religious populist exiled in Paris. Yet any proposal to contact Khomeini provoked a knee-jerk reaction for senior policy makers in Washington.

Ball's short experience had been a frustrating one. By his own admission, his proposals had been too little, too late. In September or October, there might have been a chance for compromise. By the time he had been asked to make his assessment, this

⁷² Sick *All Fall Down*, p. 124.

⁷³ George Ball, Secret Paper, December 12, 1978, “Issues And Implications Of The Iranian Crisis.” Personal Copy provided to the author by George Ball.

possibility had disintegrated. Moreover, Ball was aghast at the bureaucratic imperialism of Brzezinski. Ball had reviewed CIA reports, talked to their analysts, and relied on the agency for the "intellectual background" for the Council of Notables. In his view, the Agency had been performing perfectly well. Yet, "Brzezinski cut the CIA pretty much out of the whole process...Brzezinski was his own intelligence source."

Unbeknownst to Vance, Brzezinski's distorted views continued in part to be the product of his back channel communication with Zahedi. For his part, the Iranian ambassador had his own agenda which was dependent on maintaining the Shah, and colored his interpretation of events accordingly. On the other hand, like Ball, the CIA's chief analyst, Robert Bowie, believed that the Shah had to go.⁷⁴ Given his own disposition, it is little wonder that Brzezinski found Zahedi to be a more attractive source of information.

Brzezinski later related that he came to regret the Ball exercise.⁷⁵ Rather than consolidating opinion, the report exacerbated differences in the cabinet. On November 13, the SCC debated the merits of the report. Brzezinski, Brown, and Schlesinger felt that an authoritarian military government that would progressively liberalize was the most favorable option. Ball replied that repression could precipitate a civil war. Warren Christopher sided with Ball, and added that in his view, perhaps less than two weeks

⁷⁴ Author's interview With George Ball, April 5, 1994, Princeton NJ. It should be noted that the CIA was not the only casualty of the back channel with the ambitious Zahedi. As the views of Brzezinski and Ambassador William Sullivan diverged, the national security advisor found in Zahedi a convenient excuse to undermine Sullivan's credibility with the President. According to Zahedi, the Shah was losing confidence in the Ambassador.

⁷⁵ Brzezinski, *Power And Principle*, pp. 370-371. Brzezinski wrote of the exercise: "In selecting Ball I violated a basic rule of bureaucratic tactics: One should never obtain the services of an 'impartial' outside consultant regarding an issue that one feels strongly about without first making certain in advance that one knows the likely contents of his advice."

remained in which to take decisive action.⁷⁶ DCI Turner also believed that the use of force was not an option.⁷⁷ Implicit in the “iron fist” option was the idea that millions of Iranians could be controlled by a military standing aloof from the disaffection of the masses. The information existed in Washington that could have confirmed this option to be untenable. Iranian specialists in the government were unanimous. Yet, one month and three days before that Shah would depart Iran for the last time, the seriousness of the situation was still a matter of debate in the NSC.

In the meantime, conditions in Iran continued to deteriorate in the midst of mass demonstrations, strikes, and riots. The country's economy had come to a standstill, as had its production of petroleum. The opposition was gaining more momentum as political options evaporated. On December 21, the CIA reported:

The protest marches in Tehran on 10 and 11 December 1978, which brought as many as a million demonstrators into the streets were masterfully organized and controlled...The ability of these local community leaders to bring out large numbers of the people in response to directives from members of the Islamic clergy gives the religious opposition in Iran an organizational strength which distinguishes it from any other group within the opposition. National Front politicians have benefited politically through cooperation with the leaders of the religious opposition, but the National Front has neither the independent mass following nor any significant ability to mobilize and orchestrate demonstrations.

The report observed that Khomeini was the “focal point” for the loyalty of the religious movement that acts in his name. The significance of the report was obvious. The continued hope that some kind of accommodation between the Shah and the moderate opposition could be achieved was losing credibility. Khomeini's “constant and pervasive influence” over millions of Iranians was radicalizing the opposition. It was

⁷⁶ Sick, *All Fall Down*, pp. 135-136.

also noted that while the relationship between the National Front and the religious opposition was one of cooperation only, "the religious opposition does not appear to be susceptible to specific direction by the National Front or any other political leaders."⁷⁷

In the end, the Agency proved to be remarkably accurate. In late December, in a last-ditch effort to develop a moderate government, the Shah once again reopened negotiations with National Front leaders. The negotiations were short-lived. Most leaders refused to form any government of which the Shah would still be the titular head. However, Shapour Bakhtiar, accepted the Shah's invitation and became prime minister on December 30.⁷⁹

Predictably, the Bakhtiar government was immediately discredited. The National Front expelled him from the movement, Khomeini declared his government illegal and encouraged a street referendum. Millions pored into the streets in protest. Significantly, the Bakhtiar government was besieged despite the support of Shariatmadari, whose influence continued to pale next to that of Khomeini. According to the CIA, the religious leadership continued to be "predominate" in the opposition to the Bakhtiar government.⁸⁰

Concurrently, the deadlock in Washington had been reduced to one policy option: should the US support the "iron fist" to preserve the Shah? Upon his return from the Middle East, Vance had taken the view that the US should not. Torn between his two foreign policy advisors, Carter authorized a policy directive that appealed to both.

⁷⁷ Author's interview with Gary Sick, New York, NY, August 1, 1993.

⁷⁸ US CIA, Intelligence Memorandum, "Opposition Demonstrations In Iran: Leadership, Organization, And Tactics," December 21, 1978. In "Making of US Policy," document 1952.

⁷⁹ Abrahamian, *Iran Between Two Revolutions*, p. 524. Bakhtiar's conditions included that the Shah should promise to "reign" rather than "rule," exile 14 hard-liners in the military, and take a vacation abroad.

⁸⁰ US CIA, Secret Intelligence Memorandum, "Iran: The Radicals In The Opposition" January 12, 1979. In "Making of US Policy," document 2074.

Ambassador Sullivan was to convey to the Shah that if he thought a moderate government could be formed, that was preferable. However, if the Shah felt the military was beginning to fragment, he should institute the military option to end disorder. Ironically, the Shah broke the deadlock. To his credit, the Shah responded on December 29 that he felt the “iron fist” option to be “unrealistic” and in any case, he simply “did not have the heart.”⁸¹ Eighteen days later, the Shah's 37-year reign came to an end with his departure from Iran.

Assessing the US Policy Response

Had the “iron fist” been a realistic policy option? In retrospect, it is not surprising that the military had disintegrated at the rate it did. The rank-and-file troops were devout Muslims, and as such, susceptible to the persuasions of the religious opposition. In addition, these troops were drawn from the same class as those demonstrating. Finally, the officer class had begun to waver in the face of mass unrest and could no longer be counted on to command. By December, 1978, soldiers were defecting at the rate of a thousand a day.⁸²

As early as 1974, the military attaché had noted a change in the class composition of the Iranian army. In 1976, the CIA observed that, “more and more men from the middle, and even lower, classes are coming into the officers corps.”

While the Shah's military was widely held to be an essential pillar of the regime, confidence in the military was by no means complete. In order to preclude them as potential political rivals, the Shah had always kept his officers dependent upon his

⁸¹ Sick, *All Fall Down*, pp. 147-148.

patronage, and internally divided.⁸³ As one INR analyst put it: “your not going to get the Iranian military to do anything. The Iranian military is exactly what the Shah wants, overweight, overpaid, under trained, corrupt, and the high command is generally feckless.”⁸⁴

It was believed that the Shah could maintain power as long as he enjoyed the loyalty of his troops, but this was by no means a given. One could be relatively confident of the loyalty of the high command. These men were dependent of the Shah for their positions of privilege. Yet the rank-and-file were another matter. In November the CIA reported: “Khomeini’s power base is composed of the Shia clergy, bazaar merchants, the urban lower classes and students. Senior military officers generally oppose and feel threatened by Khomeini, but junior officers and enlisted men presumably are more responsive to his Shia message.” The report concluded that, “continued clashes between the army and dissidents may erode the willingness of the military to defend the Shah, offering disgruntled military men the opportunity to make a move.”⁸⁵

Early in the crisis, the capabilities of the security services had been questioned. In January, INR cited “glaring deficiencies” in the ability of the police to contain mob violence.⁸⁶ As demonstrations grew into a genuine popular revolution, the CIA began to question the ability of the army to maintain security even in principle. In November, the CIA summarized the various military units the Shah had at his disposal and concluded:

⁸² Bill, *The Eagle And The lion*, p. 256.

⁸³ US CIA, Secret Research Study, “Elites and the Distribution of Power in Iran,” February, 1976 in DUSED v. 7:1-85.

⁸⁴ Author’s interview with Philip Stoddard, January 5, 1994, Bethesda, MD.

⁸⁵ US CIA, “The Politics Of Ayatollah Ruhollah Khomeini,” p. 2.

⁸⁶ US CIA, “Iran: Increased Religious Dissidence,” p. 2.

Despite this preponderance of force, the army's manpower resources will be stretched to the limit if violent opposition during Moharram becomes significantly more widespread or sustained than it was in early November...Should additional forces be drawn from the Airborne Brigade or additional troops taken from the Armored Division nearest Tehran to keep order in the capital, the military's ability to reinforce already taxed units in the northeast, west, and southwest would be severely reduced. The effectiveness of SAVAK in keeping public order has also been reduced sharply by recent events. In this situation the army would be able to restore order only by using harsh measures and at the cost of numerous civilian casualties, developments that would compound the violence and severely test the military's loyalty to the Shah.

The dangers involved in the use of repression were explicit. Anticipating continued violence during Moharram the CIA predicted that;

troops will in fact be required to take harsh actions against their coreligionists. Junior officers and enlisted men are drawn largely from the same disadvantaged lower and middle-class groups as are most non-student demonstrators...and there is no certainty that they would long obey orders to fire on demonstrators solely to protect the Shah, especially during a time of religious observances.⁸⁷

These findings were consistently confirmed by the Ball report, and Ambassador Sullivan. In Ball's view, the military option was a non-starter. His report cites evidence growing dissension, "particularly among the junior officers." Prolonged use of the military would only increase the chances of mutiny, while, "increasing radicalization and factionalism within the ranks may lay the basis for a military coup and potential civil war."⁸⁸

Through the last months of 1978 and the first month of 1979 reports from the Embassy, the intelligence community, and in the press documented the continuing disintegration of the Iranian military. The CIA cited "increasing reports" of dissension

⁸⁷ US CIA, "Iran--Prospects for Moharram," p. 4.

⁸⁸ Ball, "Issues And Implications," p. 16.

among middle grade officers and noncommissioned officers.⁸⁹ On December 19, both the *Washington Post* and the *New York Times* reported increasing desertions. The *Post* cited the mutiny of an entire unit in Tabriz, numbering some five hundred troops and twelve tanks.⁹⁰ During the same period, the Embassy officer John Stimpel recorded the defection of two 800-man units to the opposition. By the end of the year, Iranian military intelligence had placed the desertion rate at eight percent per week.⁹¹

It is difficult to understand why Brzezinski, Schlesinger, and others continued to hang their hopes on the use of military repression to support the Shah, and subsequently, the Bakhtiar government. Certainly, there was a pervasive concern about what advantages the Soviets would derive from events in Iran. Yet there was a considerable body of opinion which suggested that, given the division in the armed forces, a coup attempt could spark civil war. Despite a plethora of reports from a number of sources, it was decided that another independent assessment should be made in the person of General Robert E. Huyser.

Huyser's role in the Iranian revolution is controversial. Nominally, his mission was to affirm for the military strong US support for the Bakhtiar government and to report on the cohesion and moral of the troops.⁹² However, should the Bakhtiar government fall, Huyser was to encourage the military to stage a coup.⁹³

⁸⁹ US CIA, "Iran--Update on Moharram," p. 5.

⁹⁰ R. Apple, "Shah's Army Is Showing Stresses," *New York Times*, December 19, 1978; W. Branigin, "Army Subordination Reported in Iran," *Washington Post*, December 19, 1978. The *Post* article also cited a report that members of the Imperial Guard machine-gunned their officer's mess.

⁹¹ Stemple, *Inside the Iranian Revolution*, p. 151.

⁹² US House of Representatives, Committee on Foreign Affairs, Subcommittee on Europe and the Middle East, *General Huyser's Mission to Iran, January 1979*, 97th Congress., 1st Session., June 9, 1981, pp.

⁹³ Robert E. Huyser, *Mission to Tehran* (New York: Harper and Row, 1986), p. 7.

The General arrived in Tehran on January 4, 1979. He and Ambassador Sullivan, who by this time had completely lost favor in the White House, immediately disagreed over the state of the military. In Sullivan's view, the military was simply too fragile to take action. Conversely, Huyser continued to communicate to the Pentagon and the White House a positive assessment of the military's cohesion. Huyser's optimism was a product of his contacts. For years, Huyser had developed a number of close relationships with senior military figures in the Iranian armed forces. It was with this group that the General met on a daily basis.⁹⁴ Yet the senior command was the only group whose loyalty was not questioned.

In the political context, the Huyser mission was divisive. His presence in Iran undercut the authority of Ambassador Sullivan.⁹⁵ Moreover, an American General closeted for hours daily with senior Iranian military men must have invoked in some individuals disturbing memories of 1953. In Washington, the Huyser reports further divided decision-makers. He confirmed the high desertion rates and the lack of planning among the command, yet still suggested that the military was capable of assuming command of the country. Brzezinski believed that in a force of 500,000 men, this rate of disintegration was not serious enough to preclude a military option.⁹⁶ Vance, backed by his reports from Sullivan, militated against the use of force. Analysts at INR felt the

⁹⁴ US House of Representatives, Committee on Foreign Affairs, Subcommittee on Europe and the Middle East, *General Huyser's Mission to Iran, January 1979*, 97th Congress., 1st Session., June 9, 1981, pp. 15-16. Huyser indicates that he spent 4 1/2 to 8 hours almost every day with senior military men. Of the military command in Iran, One CIA report stated: "Khomeini appears to have little support among the senior officers of the Iranian military. Most of the leading commanders of the military regard Khomeini as a threat to their privileged status in the country and are worried that if Khomeini should establish his Islamic republic in Iran they will lose power." US CIA, "The Politics Of Ayatollah Ruhollah Khomeini," p. 6.

⁹⁵ Bill, *The Eagle And The Lion*, p. 254.

⁹⁶ Brzezinski, *Power And Principle*, pp. 376-378.

Huyser mission was futile. In the words of one analyst, “We felt that it was far too late for that kind of thing. Brzezinski was always a couple of months behind events.”⁹⁷

The Huyser mission is regrettable given the influence his reports had in the White House. President Carter recalled that he came to rely on the reports heavily.⁹⁸ In doing so, the President and his key advisors disregarded information that, in hindsight, proved to be far more insightful. What Brzezinski and Huyser missed, and what was relatively well understood by intelligence analysts, was that the problems of the Iranian military were systemic, like the problems in Iranian society that sparked the revolution. A year later, the State Department said of the Huyser mission: “In the final analysis, the Shah did not command the loyalty of substantial numbers of the Iranian military. The loyalties he enjoyed were confined largely to the most senior officers of several services--and even within that group there were some whose loyalty was open to question.”⁹⁹

Assessing Intelligence Performance

Did the Iranian Revolution represent a failure for the intelligence community? The record is mixed. Prior to 1978, there was no intelligence that predicted the fall of the Shah. Certainly, all the information was there. An economy in the midst of a sharp retrenchment, political underdevelopment, and other cracks in the edifice of the Shah’s power had been observed. Yet few in the intelligence community, or anywhere else, managed to draw the proper conclusions.

⁹⁷ Author’s interview with Philip Stoddard.

⁹⁸ Carter, *Keeping The Faith*,

⁹⁹ US DOS White Paper, “The Huyser Mission” in ‘Making’ document 3750.

Iran was a very hard case to get right. In 1976-77, to have concluded that the Shah of Iran would fall to millions of Iranians rallied by an aging cleric in exile, one would have needed the Oracle of Delphi. To a great extent, these problems were complicated by the nature of the US-Iranian relationship. Though the Shah was an ally, Iran remained very much a "hard target" for intelligence analysts. The dilemma was clear to the intelligence community. The nature of the Iranian power structure tended to obfuscate sources of information that would have been available in other countries.¹⁰⁰

In the early stages of the crisis, the intelligence community was deeply divided over events in Iran, and this may go a long way in explaining the belated response of the policy establishment in Washington. Each of the community members displayed varying degrees of skepticism. Yet INR awakened early to the dangers facing the Shah, and produced a number of timely and important warnings. Indeed, INR was consistently more willing to question the traditional pedestals of the Shah's power base than either the CIA or DIA.

DIA products tended to be more optimistic than those of CIA or INR, in part because of a reliance on these pedestals. On September 1, the DIA had stated: "Despite the clear danger to the Shah's position posed by the continuing unrest, we believe that since he has the support of Iran's military leaders and much of Iran's educated elite that his regime will survive."¹⁰¹ Throughout much of the crisis, DIA focused on the economic debilitation of the country with reasonable accuracy.

¹⁰⁰ US CIA, Reporting Assessment - - "FOCUS Iran," November 4, 1976, in DUSED v. 8:135-147

¹⁰¹ US DIA, Unclassified Report, "Assessment of the Political Situation in Iran" Sept. 1, 1978. In "Making of US Policy," document 1497.

CIA also tended to focus on the traditional pedestals of the Shah's regime early in the crisis. Consequently, the CIA was generally optimistic of the monarch's ability to weather the crisis. In August 1978, the CIA produced a 23-page Assessment entitled "Iran After The Shah." "Not an assessment of what will happen," but "an examination of persons, institutions, and other factors," the report was found to be useful in its intended purpose. Yet the preface of the report asserted, "Iran is not in a revolutionary or even 'prerevolutionary' situation."¹⁰² By October, however, a discernible shift in mood can be observed in CIA reporting. CIA began to focus on the level of popular disaffection, and the influence of Khomeini over the demonstrators. Through November and December, the Agency cited Khomeini's pervasive influence over the mass of Iranians and the disparate opposition groups, and the unlikely possibility of a political settlement given this influence. Moreover, the CIA maintained a healthy skepticism about the loyalty of the Iranian military.

In the final analysis, American policy was dependent on the Shah and, therefore, bad news was unwelcome. Policy makers tended to disregard intelligence that did not substantiate their preferred view of the situation. As the House evaluation on intelligence states: "In the case of Iran, long-standing U.S. attitudes toward the Shah inhibited intelligence collection, dampened policy makers' appetite for analysis of the Shah's position, and deafened policy makers to the warning implicit in available intelligence."¹⁰³ Thus, the nature of the US-Iranian relationship, not a lack of intelligence, limited Washington's policy options.

¹⁰² US House of Representatives, *Iran: Evaluation of U.S. Intelligence Performance Prior to November 1978*, p. 5.

If there were an intelligence failure with regard to Iran, it lay in the sociology of the Washington foreign policy establishment and the relationship between policy and intelligence. As one scholar has noted, the efficacy of intelligence at times, depends more on the power to persuade than on accuracy.¹⁰⁴ In the late 1970s, there existed no broad-based consensus that would allow the intelligence community, particularly the CIA, to challenge long-standing policy attitudes about Iran. In the words of Robert Bowie: "I think certainly by September '78 we [CIA] had a better grasp of the situation than the policy establishment, but we were providing intelligence they were not necessarily interested in using."¹⁰⁵ This situation was exacerbated by the initial confusion of the community itself and the unwillingness of its chief representative, the DCI, to assert himself aggressively in the fray.

¹⁰³ US House of Representatives, *Iran: Evaluation of U.S. Intelligence Performance Prior to November 1978*, p. 7.

¹⁰⁴ Jeffreys-Jones, *The CIA And American Democracy*, p.1.

¹⁰⁵ Author's telephone interview with Robert Bowie, April 6, 1994, Washington DC.

Conclusion

In his discussion of the historical trends that brought about an end to the Cold War, the historian John Lewis Gaddis employs the analogy of geological strains and the earthquakes that result from them. "Like the tectonic forces that move continents around of the surface of the earth," Gaddis writes, "historical tectonics lie beyond our normal range of perception. No single nation or individual sets them in motion; they result, rather, from the interaction of events, conditions, policies, beliefs, and even accidents. They operate over long periods of time, and across the boundaries we use to define space. Once set in motion, they are not easily reversible: they therefore give us one of the few reasonably reliable means of predicting, in very broad terms at least, what is to come." In Gaddis' analogy, forces in earthquake zones lock themselves into place for decades. These conditions can persist for so long with such little alteration that they become accepted as permanent. When the strains are finally released, the results can be dramatic.¹ While the "geologists" at the CIA and in the State Department never came close to the prediction of an "earthquake" in Iran in 1978, for close to three decades they did identify the subterranean strains and establish the fault lines upon which such an event might, with varying degrees of probability, occur.

¹ John Lewis Gaddis, *The United States And The End Of The Cold War: Implications, Reconsiderations, Provocations* (Oxford: Oxford University Press, 1992), pp. 155-156.

Choosing the Royal Alternative in Iran

Now that the Cold War is over, it has become apparent to historians that it would never have been won or lost in Iran or anywhere else in the third world.² Now it seems clear that the fears Americans had about Iran falling to Soviet domination were, to a certain extent, misplaced. But it is the job of historians to understand that fears which may seem ephemeral today may have also seemed very real yesterday. It is also true that credibility was a thing of value in the global competition between two superpowers, and both the Soviet Union and the United States feared the fall of dominos.

There certainly was little reason in 1950 to underestimate the powerful ambitions of Joseph Stalin. In regard to Iran, these ambitions were made clear in 1946, and reinforced later by a war in Korea. But the wisdom of maintaining Iran firmly in the western camp was probably more valid than the means by which this goal was achieved. In participating in the 1953 covert political intervention to unseat Dr. Musaddiq, the United States not only chose a course counter to its own democratic ideals, it set into motion a chain of events that would eventually subvert its own purpose.

In the light of the little surviving documentary evidence pertaining to operation AJAX, a certain inevitability is discernible. The documentation reveals a far greater identification on behalf of John Foster Dulles and other persons with British interests than with the ideal of self-determination. It is not difficult to believe that an administration so preoccupied with the architecture of alliance building would fail to fully grasp the currents of nationalism in regions where anti-colonialism rather

² John Lewis Gaddis, *We Now Know: Rethinking Cold War History* (Oxford: Clarendon Press, 1997), p. 152.

than anti-communism was the priority. Dr. Musaddiq and his plans for nationalization could hardly have hoped to compete with the conservative government in London for the affections of the Eisenhower administration.

Cold War history is not short on ironies, and the US-Iranian relationship is no exception. In assisting in the overthrow of the Dr. Musaddiq, the United States effectively alienated at least a part of a generation of those who should have been its natural allies: the secular middle class in Iran. The Shah, in contrast to Musaddiq, had few democratic pretensions, an illusory base of support, and imperial ambitions that would, at times, challenge rather than support stability in a region lacking in it. US intelligence experts, alluded to all of these factors. A further irony lies in the fact that Soviet intelligence analysts were more effective in convincing their superiors that Musaddiq was a western stooge in collusion with American monopolies than US intelligence analysts were in convincing their superiors that he was not a communist nor particularly susceptible to the temptations of Soviet patronage. We now know that the Kremlin was aware of the impending coup in Iran but failed to forewarn Musaddiq.³ It seems as though Soviet policy makers, viewing the doctor through their own distorted ideological lens in the unsure environment of a post-Stalin power struggle, understood nationalism in Iran little better than their American counterparts.

What did the coup represent for the fledgling Central Intelligence Agency? For the CIA and those activist inside it, it was a success so complete, so innovative, that they did not wish to keep it secret for long. But more importantly, it represented a dangerous preference for action over ideas, expediency over knowledge. In short, in the context of national security, it represented insecurity. This, Stalin might have

³ Vladislav Zubok, "Soviet Intelligence and the Cold War: The 'Small' Committee of Information, 1950-1953," *Diplomatic History*, 19, 3 (Summer 1995), pp. 466-467.

understood had he been alive when the coup took place. Indeed, he might have even extended some kind of grudging respect, for the methods employed by the United States and Britain in Iran were not dissimilar to his own. For the CIA, however, the operation lent credibility to the idea that, in places, the Cold War could be finessed. This, in turn, offered a powerful temptation to Eisenhower and his successors to try to do just that.

The Agency's "success" in 1953 would incur certain costs. Future operations would end in embarrassment, and the preference for action over information would lead to a decline in standing and efficacy for the US intelligence community. Two decades later, intelligence on Iran would suffer, in part, because intelligence in general held little weight in Washington for these very reasons. In the meantime, Iranians came to view the CIA as the omnipresent hidden hand behind power realities in their country.

The Shah of Iran

Sometimes, especially in the study of authoritarian societies, we find that a historical process may be contingent, though not exclusively, on an individual. In 1953, the Eisenhower administration could not have envisioned that, twenty eight years later, the Shah would fall in the wake of a popular revolution led by the Islamic clergy. Nor could they have understood that future administrations would play an unintentional role in encouraging this turn of events. But the fact remains that it is difficult to imagine the Islamic revolution without the Shah. Indeed, his regime became so highly personalized in the years after the coup, the state so thoroughly identified with this one man, as to engender a revolution against him and enmity for the country with which he was most closely associated. True, in 1953, as in 1979,

authoritarian rulers were more the rule than the exception, especially in this region. But Iran had had its own flirtation with democracy. These institutions were not unknown in the country, just, with the help of the CIA, short-lived.

But the Shah was not an unknown quantity to Ike's intelligence people. Few did not expect that he would embark on a campaign to consolidate his rule, even if many believed he would eventually prove unsuccessful at it. They worried about his vacillation when tough answers were required; they worried about his unwillingness to invest power in others in a country with a relatively large and politically articulate middle class; and they worried about his appetite for military hardware when so many other economic priorities presented themselves to the young regime. By the time Eisenhower left office, the CIA and INR were discussing potential instability in Iran in tones that were far more urgent than those recorded during the Musaddiq period. The royal alternative in Iran seemed, for the time being, a poor alternative.

One characteristic of intelligence on Iran during the entire period under discussion is the striking degree to which it, by necessity, focused on the person of the Shah. This fact alone might have been worrisome to those who read these products. There was no diffusion of power in Iran that might have made the system more flexible or responsive to the strains of unrest. Changes in government personalities were noted by analysts almost in passing, for they altered the basic equation of decision making only marginally. And because so many decisions, from the menial to the important, were made by the Shah alone, it was difficult for analysts to anticipate events in any systematic way. Scrapping, for instance, one official political party for another, as the Shah did in the 1970s, was an arbitrary decision that reflected the very private strategies, insecurities, and ambitions of this one man. Such a condition provided few concrete factors upon which one might base meaningful prediction.

Consequently, Iran may have been an ally of the United States but it remained very much a "hard target" for intelligence analysts.

American Pressure for Reform in Iran

The fundamental failure of the US intelligence-policy dynamic with regard to Iran in the late 1950s and early 1960s was that the two were essentially at cross purposes. With the ouster of Musaddiq, the United States would help to alienate that segment of society that should have been a natural ally; the secular middle class. By 1960, however, intelligence analysts believed that only the inclusion of this segment of Iranian society in the decision-making process would bring lasting stability to the country. In 1953, Eisenhower had chosen a dramatic course in favor of the traditional ruling elite in order to stave off a trend toward radical social and political change in Iran. A decade later, this trend seemed more apparent than ever. But the consolidation of royal authority left Washington with even less room to maneuver. Indeed, intelligence analysts in the Kennedy administration viewed revolutionary change as virtually inevitable given the character of the Shah and his regime.

In the intelligence-policy relationship, unanimity is a double edged sword. The drive for unanimity where it does not exist naturally can produce bland or contradictory products of little value to the consumer. The presence of a genuine consensus, however, can win the attention of even the most guarded policy maker. Such was the case with intelligence on Iran during the Kennedy administration. Armed with a broad, pessimistic, and this study concludes, accurate consensus about the situation in Iran, Kennedy and his advisors sought to ameliorate some of the Shah's more problematic habits of governance. While some historians hold Kennedy's encouragement of economic and liberal political reform in Iran partially

responsible for the unrest that followed, the evidence suggests alternative interpretations. Certainly, history does provide ample examples of the dangers accompanied by the institution of reform from above in authoritarian systems. But it is clear that the Shah's power base, as perceived by US intelligence analysts, suffered from a critical lack of broad social support. It is uncertain whether American pressure for reform contributed to unrest in Iran in 1963. But the lack of meaningful reform then or in the ensuing decade continued to cost the regime support and spelt disaster for the Shah and American policy in Iran. As Marvin Zonis argues: "the United States contributed, perhaps in decisive ways, to make the Shah into the tyrant he became. It fostered his grandiosity by building his rule economically and militarily." Having aided in the establishment of the regime, the United States "did nothing to protest or modify the policies pursued by the Shah - policies which flowed from his own grandiosity and which proved so deeply offensive to the Iranian people."⁴

The White Revolution

It was the elusive nature of reform in Iran that ended the consensus among US intelligence analysts and policy makers alike. While many policy makers during the Johnson administration would welcome the Shah's white revolution as a progressive step forward, some members of the intelligence community viewed it more skeptically. Some US analysts believed that the Shah's attempted shift from his traditional elite base of support to that of the politically inarticulate lower classes

⁴ Marvin Zonis, *Majestic Failure: The Fall of the Shah* (Chicago: University of Chicago Press, 1992), pp. 260-261.

would shrink his power base. Further, these analysts held that the program of economic and social reforms would create expectations among the population that could not be readily fulfilled. Finally, the most skeptical among US Iran experts believed the white revolution to be designed for international consumption; designed merely to bolster the Shah's image as a progressive ruler. All of the perceptions were accurate to a degree, but few would be reflected in US foreign policy toward Iran.

One recurrent theme in American intelligence reporting on Iran is that intelligence analysts viewed the eventual participation of the Iranian middle class in the system as a guarantor of stability. Did the intelligence community overemphasize the importance of the middle class in the 1950s and 1960s at the expense of other segments of Iranian society? It is clear that the primary opposition to the Shah during this period came from the urban middle classes. Their nationalistic passions had been aroused by Dr. Musaddiq and the Shah's role in his overthrow did little to enlist their support for the regime.⁵ It is also clear that this group, by virtue of their education and professional training, would be responsible for the day-to-day administration of the country's affairs. Thus intelligence analysts stressed the importance of gaining their loyalty to the regime. In the later 1960s, American policy makers also focused on the importance of the middle class, but they placed their hopes for stability in Iran upon the unsteady foundation of economic determinism.⁶ By contrast, the intelligence community, throughout the decade, warned that economic prosperity would encourage calls for enfranchisement rather than limit them.

It was, then, the uneven character of reform that imparted a healthy skepticism to intelligence analysts. Analysts understood better than those responsible for Iran

⁵ Richard W. Cottam, *Nationalism in Iran* (Updated through 1978, Pittsburgh: University of Pittsburgh Press, 1979), p. 290.

policy that the advantages of economic development and empowerment were limited by a lack of concomitant political evolution. Perceptive reports in the late 1960s warned that the massive revenues of Iran's oil boom and its dash toward modernization and diversification would incur a certain degree of societal flux. This, in turn, would place strains on the highly centralized and static political system. In short, analysts may have had a better grasp of theories of development than their policy-making counterparts. They understood that shifts in the means of production and the raising of standards of living change societies in ways that do not reward hierarchical systems of organization, political or economic.⁷

It is significant that analysts viewed the "Iranian economic miracle" with a mixture of optimism and concern. They stated explicitly that increasing urbanization and advances in education associated with industrialization could create expectations that, if not satisfied, could reduce the population's commitment to the regime. They also asserted that these expectations would not be limited to the economic sphere.

Institutional Longevity

It was on the subject of institutional longevity that intelligence reported with the most consistent concern. Even as Iran entered a period of apparent stability in the late 1960s, Iran experts asserted that the regime had failed to institutionalize itself to any significant degree. While policy makers tended to be satisfied with the monarchy as a cohesive institution for governance, the intelligence community was virtually unanimous in its appraisal that the life span of the Shah and the monarchy were one and the same. Moreover, by the mid 1970s, analysts were reporting that efforts to

⁶ Ibid., p. 319.

⁷ Gaddis, *The United States And The End Of The Cold War*, pp. 161-162.

foster identification with the regime through the educational system or official political parties met with an atmosphere of cynicism and distrust. In short, stability in Iran would probably not outlive the Shah. In an environment periodically shocked by bombings and assassinations - the Shah had survived numerous attempts - such concerns should have acquired an immediate relevance.

Finally, American intelligence reported that the Shah had responded to this failure to institutionalize his regime with increased authoritarianism and repression. This response, analysts concluded, would incur certain political costs including increased alienation of the population in general. Most importantly, they believed that the increasingly circumscribed avenues of dissent would favor radical rather than moderate opposition to the regime.

National Security Denial

Why were American policy makers willing to overlook the shortcomings of the Shah and his regime? The reasons are several. By the end of the 1960s, Iran seemed stable. The infusion of billions of dollars of oil revenues in the decade preceding the revolution, though accompanied with significant problems, created an impressive economic boom that lent itself to overall optimism. Opposition to the regime, both Communist and non-Communist, had been eliminated or driven underground. All of these factors contributed to the Shah's confidence and considerable capabilities as a political player both at home and abroad.

From the American standpoint, these advantages could not have presented themselves at a better time. As the 1970s began, US policy makers were quite satisfied to trade their declining leverage in Iran for a strong and committed ally in the Persian Gulf. The degree to which US foreign policy in this region became dependent

upon the good will of the Shah should not be underestimated. Such a situation lends itself to a kind of "national security denial": US policy in the Gulf is predicated upon the survival of the Shah, therefore, the Shah shall survive. Moreover, this denial may have only been reinforced by intelligence analysts who often found themselves in the position of implicitly questioning the wisdom of American policy in their criticism of the regime in Tehran.

As the Shah grew in stature, US "national security denial" also grew, with troubling consequences for intelligence collection and analysis. Few events exemplify this situation better than the decision in the early 1960s to restrict official American personnel from cultivating contacts among the Iranian opposition. Certainly, it was a rule of intelligence gathering that a foreign government may attempt to curtail the contact of its citizens with US personnel. But the willingness with which the United States accepted these constraints suggest the degree to which American policy makers did not wish to be troubled by what they did not know.

It is a conclusion of this study that the CIA and INR relied less heavily than is generally believed on information provided by the Shah and SAVAK about the internal political scene. Yet there was clearly an expectation among policy makers that they should do so. Nevertheless, during the 1970s intelligence about the internal scene received a very low priority in Washington. Analysts were tasked to report on issues ranging from the Iranian armed forces to Soviet-Iranian relations. Though the CIA and INR never really gave up the independent analysis of the Pahlavi system, the tenor and thrust of their work suffered from the lack of both a receptive audience and concrete information.

Intelligence in the United States

In democratic societies, bureaucracies exist in a competitive environment; they compete for power and influence as each seeks to justify itself and vie for its piece of the publicly appropriated pie. Domestic political considerations cannot, then, be overlooked in the conduct of foreign policy. Inevitably, the standing and influence of any bureaucracy will rise or fall, increase or decrease. In democratic societies this is especially true for intelligence agencies which have, by virtue of their secret nature, an uncomfortable relationship with the societies they are supposed to defend. It is reasonable to conclude that, as the standing of the intelligence community in Washington declined in the 1960s and 1970s, so to did the weight attached to intelligence on Iran. Indeed, the standing of intelligence concerning Iran may have suffered more given the special relationship that existed between the Shah and President Kennedy's successors.

By the time President Nixon entered the White House, the standing of the intelligence community in general, and the CIA specifically, was at a low point. Thus, if, as is the assertion here, critical intelligence about the Shah's regime was essentially unwelcome in Washington during the 1970s, there was also little consensus for intelligence in general that might have supported critical conclusions. What interest that did exist among the Nixon-Kissinger foreign policy team in intelligence focused on the intent to use it to support the administration's positions. And the administration's position on Iran was one of almost unquestioning support for the Shah.

The Intelligence-Policy Dynamic

The consequence of this was a dangerous intersection of events. Intelligence on the Iranian political scene was downgraded as a priority just when it may have been most needed. The skepticism of intelligence analysts, muted as it was, accounted for many of the factors that would play into the regime's eventual crisis of legitimacy. But skepticism, healthy or not, accounts for little if it is not conveyed with conviction. The tacit character of this intelligence did little to enhance its importance. Policy makers can rarely be expected to read between the lines of intelligence reports, especially if the potential exists for what they find there to be unsettling.

Policy can effect the production of intelligence in subtle ways. The breadth of the two pillar policy, and Iran's place in it, must have had unsettling implications for analysts. It is not an easy thing to tell one's superior that his expensive new house is built upon an unsure foundation. But it is all the more difficult to explain, in a necessarily laconic fashion, that the foundation might crumble eventually rather than imminently.

Here the intelligence-policy relationship becomes critical. The policy maker, preoccupied with the immediacy of world events, values intelligence that reflects that immediacy. In the case of Iran, the most critical intelligence, this study concludes, focused on long-term trends and systemic problems. Thus the most important intelligence about Iran was, from the point of view of the policy maker, rarely the most timely intelligence.

One of the ways in which the failure of intelligence-policy relationship manifested itself was in the way intelligence analysts communicated their long-term concerns about Iran. After the 1967 Arab-Israeli conflict, Iran's international position gained new prominence, but intelligence about the internal political scene was

becoming less popular in Washington. Analysts responded to these circumstances by turning to lengthier, but less widely circulated research studies as a vehicle for their concerns. These studies, as opposed to the NIE or other reports, had the advantage of offering a comprehensive way to expand on long-term factors and vulnerabilities. The disadvantages, however, included the fact that they rarely, if ever, land on the desks of senior policy makers. Nor were they often intended to be predictive. Rather they focused on intricacies of political and social dynamics.

Another reason that these more sensitive reports failed to gain the attention of decision makers is that there existed a multiplicity of opinions about the Pahlavi regime within the reporting system. For every report that questioned the long-term viability of the Iranian government, there was another that highlighted the government's accomplishments and its value in reference to American policy. Indeed, as this study has demonstrated, by the mid 1960s critical reporting on Iran became the exception rather than the rule. But instead of generating constructive debate about the Pahlavi system or redirecting US policy, the manifold verity of reporting allowed decision makers to pick and choose information that supported their positions.

The intelligence-policy system lacked a mechanism by which the intelligence community could bring to the attention of policy makers more ambiguous, long-term concerns about Iran. The concerns of more skeptical intelligence analysts should have fostered, at some point, more significant debate as to the realities of Iran.

In regard to Iran, the fundamental weakness of the intelligence-policy relationship was that it operated from two very separate assumptions about the Pahlavi system. Intelligence analysts saw this system as temporary and often flawed. They understood that the Pahlavi system fostered acquiescence rather than loyalty,

and that this was an important distinction if the system was to survive. But more importantly, they viewed democratization as the most effective means of stabilizing Iran. These ideas must have been difficult for policy makers to accept. They tended to view the Pahlavi system as a permanent fixture. After the Kennedy administration, they saw little need to encourage change in a system so willing to identify itself with American interests. Democratic societies can be uncertain allies, for their willingness to play a role in American foreign policy depends upon an uncertain domestic consensus. Given the undercurrents of neutralism in Iranian nationalism, this concern was very real. So US policy in the 1960s and 1970s concentrated on diplomatic, economic, and military support for this system, and in doing so, contributed to the flaws that concerned intelligence analysts. Consciously or subconsciously, American policy makers came to associate US national interest in the Persian Gulf with the continuation of one-man rule in Iran.

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